COURT FILE NUMBER	2201-08920
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	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 NORTH AMERICAN LAMB COMPANY LTD., CANADA SHEEP AND LAMB FARMS LTD., CANADA SHEEP HOLDINGS LTD., LAMB CLUB MARKETING LIMITED, CANADA LAMB GROWERS LTD., CANADA LAMB PROCESSORS LTD. and CANINE FAIR LTD.
DOCUMENT	**ORDER RE SALE AND INVESTMENT SOLICITATION PROCESS**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Norton Rose Fulbright Canada LLP 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 CANADA Howard A. Gorman, Q.C. / Meghan L. Parker howard.gorman@nortonrosefulbright.com meghan.parker@nortonrosefulbright.com Tel: +1 403.267.8222 Fax: +1 403.264.5973 Lawyers for the Monitor File no.: 1001221818

DATE ON WHICH ORDER WAS PRONOUNCED: AUGUST 17, 2022

LOCATION OF HEARING: CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER: HONOURABLE JUSTICE R.A. NEUFELD

UPON the application of Ernst & Young Inc., in its capacity as Court-appointed Monitor (the **Monitor**) of North American Lamb Company Ltd., Canada Sheep and Lamb Farms Ltd., Canada Sheep Holdings Ltd., Lamb Club Marketing Limited, Canada Lamb Growers Ltd., Canada Lamb Processors Ltd., and Canine Fair Ltd. (the **Debtor Companies**); **AND UPON**

having read the Initial Order granted by the Honourable Justice K.M. Horner on August 8, 2022; **AND UPON** having read the Pre-filing Report of the Monitor dated August 5, 2022, and the First Report of the Monitor, to be filed; **AND UPON** having heard submissions from counsel for the Monitor, and any other party that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the application is hereby validated and deemed good and sufficient and this application is properly returnable today.

2. The Engagement Letter dated August 15, 2022, a redacted copy of which is attached as Appendix "C" to the First Report of the Monitor and an unredacted copy of which is attached as Appendix "A" to the Confidential Supplement to the Monitor's First Report (the **Engagement Letter**), and the Monitor's entry into the Engagement Letter, is hereby approved and Ernst & Young Orenda Corporate Finance Inc. and Ernst & Young Real Estate Services Inc. are authorized to act as the exclusive selling agent (the **Selling Agent**) and to market the properties of the Debtor Companies on behalf of the Monitor in accordance with the terms of the sales and investment solicitation process (the **SISP**), which is attached as Appendix "A" to this Order.

3. The fees and expenses payable to the Selling Agent under the Engagement Letter are hereby approved.

4. The Selling Agent shall incur no liability or obligation as a result of its engagement or the carrying out of its mandate under the Engagement Letter, save and except for gross negligence or willful misconduct on its part.

5. The SISP is hereby approved and the Monitor and the Selling Agent are authorized and directed to implement the SISP and to perform all steps and actions required of it pursuant to the SISP.

6. The Monitor is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.

7. Service of this Order by e-mail, facsimile, courier, regular mail or personal delivery shall constitute good and sufficient service of this Order.

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Justice of the Court of Queen's Bench of Alberta

APPENDIX “A”

Procedures for the Sale and Investment Solicitation Process

1. On August 8, 2022, the Alberta Court of Queen's Bench (the **Court**) made an order (the **Initial Order**) appointing Ernst & Young Inc. (**EY**) as Monitor (the **Monitor**) of North American Lamb Company Ltd., Canada Sheep and Lamb Farms Ltd., Canada Sheep Holdings Ltd., Lamb Club Marketing Limited, Canada Lamb Growers Ltd., Canada Lamb Processors Ltd. and Canine Fare Ltd. (collectively, the **Debtor Companies**), pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the **CCAA**). The Monitor is requesting Court approval of the sale and investment solicitation process in respect of the business and property, but excluding all livestock, meat from processed livestock, and livestock feed, of the Debtor Companies (the **SISP**), as set forth herein, at a Court application scheduled on August 17, 2022.

2. Among other things, the Initial Order granted to the Monitor enhanced powers to exercise such rights, powers and obligations of the Debtor Companies as deemed necessary or advisable, and approved of the Debtor Companies’ ability to borrow under an Interim Lender Facility with the Bank of Nova Scotia (the **Interim Lender**) pursuant to an Interim Financing Term Sheet dated August 9, 2022.

3. Pursuant to Sections 4(c) and 22(a) of the Initial Order, the Monitor engaged Ernst & Young Orenda Corporate Finance Inc. and Ernst & Young Real Estate Services Inc. (the **Selling Agent**) pursuant to an engagement letter dated August 12, 2022 to act as the exclusive marketing agent in the SISP.

4. Set forth below are the procedures (the **SISP Procedures**) to be followed with respect to the SISP to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

Defined Terms

5. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition, capitalized terms used but not otherwise defined in these SISP Procedures shall have the following meanings:

“**Business**” means the business being carried on by the Debtor Companies, but excluding all livestock, meat from processed livestock, and feed;

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary;

“**Property**” means the undertaking, property and assets (including shares) of the Debtor Companies or any portion thereof, but excluding all livestock, meat from processed livestock, and feed;

“**SISP Information**” means the list of potential purchasers and investors, information regarding the identity and number of bidders or prospective bidders participating in the SISP, the number of bids received or the terms of any bids received, and any similar information in connection with the SISP;

"**Secured Lenders**" means (1) the Bank of Nova Scotia, the operating lender of the Debtor Companies, who was owed $14,491,144.98 as at July 22, 2022; and (2) Farm Credit Canada, the term loan lender of the Debtor Companies, who was owed $24,103,728.22 as at July 19, 2022, and any guarantor of any of the foregoing indebtedness;

Overview of Process and Timeline

6. The purpose of the SISP is to solicit interest in, and opportunities for, one or more of any combination of sale(s) of all, or substantially all, of the Debtor Companies' Property and Business. Qualified Bids (defined below) may be comprised of a variety of structures, and may, where appropriate, include a reverse vesting order transaction structure.

7. The SISP has been prepared with input from the Selling Agent, the Secured Lenders, and the Interim Lender.

8. The SISP Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Debtor Companies, the Business and the Property, the manner in which a bid becomes a Qualified Bid (as defined herein), the receipt and negotiation of bids received, the ultimate selection of a Successful Bid, if any, and the approval thereof by the Court.

9. The Monitor shall be entitled to consult with the Selling Agent, the Secured Lenders and the Interim Lender in respect of any matter relating to these SISP Procedures, to the extent that such persons declare to the Monitor in writing that they do not intend to participate in the SISP. The Monitor shall be entitled to disclose the SISP Information to the Selling Agent, the Secured Lenders and the Interim Lender for the purposes of consulting on any aspect of these SISP Procedures, including any bid received in the course of the SISP to the extent that such persons declare to the Monitor in writing that they do not intend to participate in the SISP.

10. As described below, the various deadlines herein may be amended in whole or in part at the discretion of the Monitor, in consultation with the Selling Agent, the Secured Lenders and the Interim Lender, to the extent that such persons declare to the Monitor in writing that they do not intend to participate in the SISP.

11. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any bid, due diligence activities, and any negotiations or other actions whether or not they lead to the consummation of a transaction.

12. Nothing in these SISP Procedures shall limit or supersede the rights or remedies of the Interim Lender as provided for the Interim Financing Term Sheet or the Initial Order, both as may be amended from time to time.

13. The Selling Agent shall implement these SISP Procedures with the assistance and supervision of the Monitor. The Debtor Companies are required to assist and support the efforts of the Selling Agent and the Monitor, as provided herein. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve any such dispute.

14. The following table sets out the key milestones under this SISP, subject to extension by the Monitor pursuant to and in accordance with these SISP Procedures:

Milestone	Deadline
Selling Agent to initiate marketing	September 12, 2022
Bid Deadline	October 27, 2022
Signed PSA	November 15, 2022
Court Approval	On or before December 7, 2022
Transaction Closing	On or before December 23, 2022

<u>Solicitation of Interest</u>

15. As soon as practicable following the issuance of the Court approval of the SISP, and in any event on or before September 12, 2022, the Selling Agent shall cause a notice of the SISP to be published in the National Post, the Calgary Herald, the Lethbridge Herald, and the Winnipeg Free Press.

16. The Selling Agent, in consultation with the Monitor, will prepare a list of potential bidders, including: (i) any parties that have approached the Debtor Companies, the Monitor and the Selling Agent indicating an interest in the Property; and (ii) local, national and international strategic parties who the Selling Agent and the Monitor believe may be interested in purchasing all or part of the Property.

17. A non-confidential teaser letter prepared by the Selling Agent (the **Teaser**) describing the opportunity to acquire some, all or substantially all of the Business or Property will be made available by the Selling Agent to prospective purchasers or prospective strategic or financial investors and will be posted on the Monitor's website and Selling Agent's website as soon as practicable.

18. In order to participate in the SISP, each person (a **Potential Bidder**) must deliver to the Selling Agent and the Monitor at the addresses specified in Exhibit "A" hereto and prior to granting of access to the electronic data room containing confidential information concerning the Business and Property (the **Data Room**) and the distribution of any such confidential information by the Selling Agent or the Monitor to a Potential Bidder, an executed confidentiality agreement, in form and substance satisfactory to the Monitor.

<u>The Bidding Process</u>

19. All Potential Bidders that are parties to a confidentiality agreement with the Monitor in accordance with these SISP Procedures shall be deemed to be a qualified bidder (a **Qualified Bidder**) and, upon notification from the Monitor to the Selling Agent, will be promptly notified of such qualification by the Selling Agent.

20. Qualified Bidders shall be provided with access to the Data Room and, if requested by the Qualified Bidder and deemed appropriate by the Monitor, a management presentation, together with such further information as the Selling Agent and the Monitor may deem appropriate. The Selling Agent and the Monitor make no representation or warranty as to the accuracy or completeness of the information contained in the Teaser or in the Data Room.

21. A Qualified Bidder, if it wishes to submit a bid, must deliver written copies of a non-binding letter of intent (a **Bid**) to the Selling Agent and the Monitor at the addresses specified in Exhibit “A” hereto to each of them by no later than 12:00 p.m. (Mountain Time) on October 27, 2022, or such other date or time as may be agreed by the Monitor (the **Bid Deadline**).

22. A Bid will be deemed to be a “**Qualified Bid**” only if the Bid complies with all of the following:

(a) it includes a term sheet describing the terms and conditions of the proposed transaction, including identification of the Business or Property (including any liabilities to be assumed) proposed to be acquired, the purchase price for the Business or Property proposed to be acquired expressed in Canadian dollars (the **Purchase Price**), a detailed description of all assumptions and conditions that the Bidder has factored into its proposed Purchase Price, the effective date of the proposed transaction, and the structure and financing of the proposed transaction;

(b) it is not subject to a financing condition and it includes written evidence of the financial ability to consummate the proposed transaction (including, but not limited to, the sources of financing for the Purchase Price, 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) that will allow the Monitor to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the transaction contemplated by its Bid;

(c) it contains a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;

(d) it contains an outline of any additional due diligence required to be conducted by the Qualified Bidder in order to submit a final and binding offer;

(e) it fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid and the complete terms of any such participation;

(f) it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;

(g) it contains such other information as may reasonably be requested by the Selling Agent or the Monitor; and

(h) it is received by the Bid Deadline.

23. The Monitor, in consultation with the Selling Agent, the Secured Creditors and the Interim Lender, to the extent that such persons have not submitted a Bid, will assess the Bids received by the Bid Deadline and determine which Bids constitute Qualified Bids. The Monitor may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids. The Monitor also reserves the right to request that certain Qualified Bidders revisit their Qualified Bids in the event that multiple Qualified Bids are competitive.

24. The Monitor may reject any Bid if it determines that such bid does not constitute a Qualified Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the Debtor Companies or any of their creditors or other stakeholders.

25. The Monitor, in consultation with the Selling Agent, the Secured Creditors and the Interim Lender, to the extent that such persons have not submitted a Bid, may determine the most favourable of the Qualified Bids (the **Successful Bids** and the persons delivering Successful Bids the **Successful Bidders**).

26. The Selling Agent and the Monitor shall coordinate all reasonable requests for additional or confirmatory due diligence materials and information from Successful Bidders. If requested by a Successful Bidder, the Selling Agent shall arrange for a site visit, subject to compliance with health, safety and security measures reasonably required by the Monitor.

27. The Monitor, in consultation with the Selling Agent, the Secured Creditors and the Interim Lender, to the extent that such persons have not submitted a Bid, may then proceed to negotiate and settle the terms and conditions of a definitive agreement (**Definitive Agreement**) in respect of Successful Bids.

28. The Definitive Agreement shall be in substantially the same form as the template purchase and sale agreement to be provided by the Monitor (**Template Agreement**), and must be fully negotiated, completed, duly executed by the Successful Bidder, and provided to the Selling Agent and the Monitor at the addresses specified in Exhibit "A" hereto (including by email) so as to be received by each of them no later than 12:00 p.m. (Mountain Time) on November 15, 2022, or such other date or time as may be agreed to by the Monitor (the **Agreement Deadline**). The Definitive Agreement shall be conditional on the Court approval, which the Monitor shall obtain on or before December 7, 2022, or such other date or time as may be agreed by the Monitor, and on the Definitive Agreement closing on or before December 23, 2022, or such other date as shall be agreed to by the Monitor. Among other things, the Definitive Agreement shall also:

(a) meet all of the requirements in respect of Qualified Bids, other than the requirements set out in Paragraphs 22(c), 22(d) and 22(h);

(b) clearly identify the form of consideration used to satisfy the Purchase Price and estimated value of the consideration in Canadian dollars;

(c) clearly identify the contracts, agreements or other arrangements held by the Debtor Companies that are to be assumed by the Successful Bidder;

(d) be accompanied by written evidence of a firm irrevocable commitment for all required financing;

(e) not be conditioned on: (i) the outcome of unperformed due diligence; and/or (ii) obtaining financing;

(f) include an acknowledgement and representation that the Successful Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business or Property to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Business or Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly provided in a Definitive Agreement;

(g) be accompanied by evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Successful Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Successful Bid, and confirm that no additional shareholder, regulatory or other approvals are outstanding;

(h) be accompanied by a non-refundable deposit (the **Deposit**) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to ten percent (10%) of that total consideration set out in the Definitive Agreement;

(i) be accompanied by a blackline against the draft form of the Template Agreement;

(j) not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;

(k) contain such other information as may reasonably be requested by the Monitor.

Court Approval

29. The Monitor shall apply to the Court (the **Approval Application**) for an order approving any number of Successful Bids and authorizing the Monitor to enter into any and all necessary agreements with respect to the Successful Bids, as well as an order vesting title to the Business or Property in the name of the Successful Bidders.

30. The Approval Application will be held on or before December 7, 2022 upon the application of the Monitor. The Approval Application may be adjourned or rescheduled by the Monitor without further notice.

Deposits

31. All Deposits shall be retained by the Monitor and deposited in a trust account. A Deposit paid by a Successful Bidder whose bid is approved by the Approval Application shall be applied to the Purchase Price to be paid or investment amount to be made in respect of the Successful Bid upon closing of the approved transaction and will be non-refundable.

No Amendment

32. There shall be no amendments to the SISP Procedures, including for greater certainty, the process and procedures set out herein, without the consent of the Monitor, the Interim Lender and the Secured Lenders.

"As Is, Where Is"

33. Any sale of the Business or Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor or the Selling Agent or any of their respective affiliates, advisors, agents or representatives, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Monitor. Neither the Monitor nor the Selling Agent nor any of their respective affiliates, advisors, agents or representatives make any representation or warranty as to the accuracy or completeness of the information contained in the Teaser or in the Data Room, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Monitor.

Free Of Any and All Claims and Interests

34. In the event of a sale of the Business or the Property, to the extent permitted by law, all of the rights, title and interests of the Debtor Companies in and to the Business or the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests on or against the Property (collectively, the **Claims and Interests**) such Claims and Interests to attach only to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a Definitive Agreement with a Successful Bidder.

No Obligation to Conclude a Transaction

35. The Monitor has no obligation to agree to conclude a sale or investment arising out of this SISP, and it reserves the right and unfettered discretion to reject any offer or other proposal made in connection with this SISP. In addition, at any time during this SISP, the Monitor may determine to terminate these SISP Procedures, and shall provide notice of such a decision to all Qualified Bidders, as applicable.

Pre-emptive Offers

36. Notwithstanding the foregoing SISP Procedures, the Monitor reserves the right to receive and consider pre-emptive offers in respect of all or part of the Property or the Business, and to accept any such offers subject to Court approval.

Further Orders

37. At any time during this SISP, the Monitor or the Selling Agent may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

EXHIBIT “A”

ADDRESSES FOR NOTICES

If to the Monitor:

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With a copy to:

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