

COURT FILE NUMBER 2201-08920
COURT COURT OF KING'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 **SALE APPROVAL AND VESTING ORDER**
Re: Sarto 2 Lands - 2Flag

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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Lawyers for the Monitor
File no.: 1001221818

DATE ON WHICH ORDER WAS PRONOUNCED: DECEMBER 6, 2022

LOCATION OF HEARING: EDMONTON, ALBERTA (VIA WEBEX)

NAME OF JUSTICE WHO MADE THIS ORDER: HONOURABLE JUSTICE DUNLOP

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 **Debtors**) for an order approving the sale transaction

(the **Transaction**) contemplated by an agreement of purchase and sale (the **Sale Agreement**) between the Monitor, as vendor, and 2Flag Farms Ltd. (the **Purchaser**), accepted on November 24, 2022, and upon noting the registered security interests set out in **Schedule “B”** to this Order, and vesting in the Purchaser, the Debtors’ respective right, title, and interest in and to the assets described in the Sale Agreement (the **Purchased Assets**);

AND UPON having read the Initial Order granted by the Honourable Justice K.M. Horner on August 8, 2022, as amended and restated by the Order of the Honourable Justice R.A. Neufeld, dated August 17, 2022; **AND UPON** having read the First Report of the Monitor, filed, and the Second Report of the Monitor, filed, and the Confidential Supplement to the Second Report of the Monitor; **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:

SERVICE

1 Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2 The Transaction is hereby approved, and the execution of the Sale Agreement by the Monitor is hereby approved. The Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser.

VESTING OF PROPERTY

3 Upon the delivery of a Monitor’s certificate to the Purchaser substantially in the form set out in Schedule “A” hereto (the **Monitor’s Certificate**), all of the Debtors’ respective right, title, and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser,

free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the **Claims**) including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Initial Order, as amended and restated, or any other Orders granted in the within Proceedings;
- (b) any liens or claims of lien under the *Builders' Liens Act* (Manitoba);
- (c) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), the *Personal Property Security Act* (Manitoba), or any other personal property registry system; and

for greater certainty, this Court orders that all of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4 Upon the delivery of the Monitor's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, **Governmental Authorities**) are hereby authorized, requested and directed to accept delivery of such Monitor's Certificate and certified copy of this Order as though they were originals and to complete the registration of such transmissions as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing, upon registration in the Winnipeg Land Titles Office (the "**Winnipeg LTO**") of a Request/Transmission

in the form prescribed by *The Real Property Act* (Manitoba) duly executed by the Purchaser, the District Registrar of the Winnipeg LTO is hereby directed to enter the Purchaser as the owner in fee simple of those lands and premises legally described as:

2737624/1
NW 1/4 OF SECTION 28-5-6 EPM
EXC ELY 726 FEET PERP OF WLY 1587 FEET PERP OF NLY 600 FEET PERP
SUBJECT TO THE RESERVATIONS AND PROVISIONS CONTAINED
IN THE GRANT FROM THE CROWN

2737625/1
THE SE 1/4 OF SECTION 28-5-6 EPM
EXC SLY 1320 FEET PERP
SUBJECT TO THE RESERVATIONS AND PROVISIONS
CONTAINED IN THE GRANT FROM THE CROWN

2737626/1
THE NW 1/4 OF SECTION 21-5-6 EPM
EXC FIRSTLY: WLY 1320 FEET AND
SECONDLY: PUBLIC DRAIN PLAN 7865 WLTO
SUBJECT TO THE RESERVATIONS AND PROVISIONS
CONTAINED IN THE GRANT FROM THE CROWN

(the **Lands**), and is hereby directed to delete and expunge from title to the Lands all of the Claims, which Certificate of Title shall be subject only to those encumbrances (the **Permitted Encumbrances**) listed on **Schedule "A"** to the Monitor's Certificate (and listed in duplicate on **Schedule "B"** to this Order).

5 The Registrar is expressly authorized and directed to include in the discharge of the encumbrances registered against the Lands, all encumbrances registered after the date the Initial Order was granted.

6 Upon delivery of the Monitor's Certificate together with a certified copy of this Order, this Order shall be accepted by the Registrar, notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.

7 In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Monitor's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

8 No authorization, approval or other action by and no notice to or filing with any Governmental Authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Monitor of the Sale Agreement

9 For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Monitor) shall stand in the place and stead of the Purchased Assets from and after delivery of the Monitor's Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Monitor shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court.

10 Except as expressly provided for in the Sale Agreement, the Purchaser shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.

11 Upon completion of the Transaction, the Debtors and all persons who claim by, through or under the Debtors in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

12 The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtors, or any person claiming by or through or against the Debtors.

13 Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Monitor or any of the Debtors.

14 The Monitor is to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof to the Purchaser.

15 Pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Monitor is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information

provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtors were entitled.

MISCELLANEOUS MATTERS

16 Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3 (the ***Bankruptcy and Insolvency Act***) in respect of any of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Debtors,


the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

17 The Monitor, the Purchaser, and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

18 This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the

Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

19 This Order shall be posted by the Monitor to www.ey.com/ca/nalco, and served by the Monitor on the service list maintained by the Monitor and on those who otherwise are reasonably known by the Monitor to be affected by this Order. Service may be effected by facsimile, electronic mail, personal delivery or courier.

A handwritten signature in black ink, appearing to be 'R. B.', is written above a horizontal line.

Justice of the Court of King's Bench of Alberta

SCHEDULE A

Form of Monitor's Certificate

Monitor's Certificate

COURT FILE NUMBER 2201-08920
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's stamp

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
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CLUB MARKETING LIMITED, CANADA LAMB
GROWERS LTD., CANADA LAMB
PROCESSORS LTD. and CANINE FAIR LTD.

DOCUMENT

MONITOR'S CERTIFICATE

Re: Sarto 2 Lands – 2Flag

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, K.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

RECITALS

- A. Pursuant to an Order of the Honourable Justice K.M. Horner of the Court of King's Bench of Alberta, Judicial District of Edmonton (the **Court**) dated August 8, 2022, as amended and restated by the Order of the Honourable Justice R.A. Neufeld on August 17, 2022, Ernst & Young Inc. was appointed as the 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 **Debtors**).

- B. Pursuant to an Order of the Court dated December 6, 2022 (the **Sale Approval and Vesting Order**), the Court approved the agreement of purchase and sale accepted on November 24, 2022 (the **Sale Agreement**) between the Monitor, as vendor, and 2 Flag Farms Ltd., as purchaser (the **Purchaser**), of the Debtors' respective right, title, and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Monitor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement and Sale Approval and Vesting Order.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Monitor and the Purchaser;
3. For the purposes of the Land Titles Office (Manitoba), the Permitted Encumbrances are set out in **Schedule "A"** hereto; and
4. The Transaction has been completed to the satisfaction of the Monitor.

[signature page to follow]

5. This Certificate was delivered by the Monitor at _____ (time) on _____.

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., AND NOT IN ITS PERSONAL CAPACITY

Per: _____

Name:

Title:

SCHEDULE A TO MONITOR'S CERTIFICATE

Permitted and Non-Permitted Encumbrances

SPECIFIC PERMITTED AND NON-PERMITTED ENCUMBRANCES**LEGAL:**

2737624/1

NW 1/4 OF SECTION 28-5-6 EPM

EXC ELY 726 FEET PERP OF WLY 1587 FEET PERP OF NLY 600 FEET PERP

SUBJECT TO THE RESERVATIONS AND PROVISOS CONTAINED

IN THE GRANT FROM THE CROWN

TITLE NUMBER:

2737624/1

PERMITTED ENCUMBRANCES:

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
4450499/1	23/01/2014	EASEMENT STATUTORY EASEMENT IN FAVOUR OF THE MANITOBA HYDRO-ELECTRIC BOARD

NON-PERMITTED ENCUMBRANCES TO BE DISCHARGED FROM TITLE TO THE PROPERTY:

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
5016332/1	07/11/2018	MORTGAGE MORTGAGEE – FARM CREDIT CANADA ORIGINAL PRINCIPAL AMOUNT: \$27,000,000
5016333/1	07/11/2018	MORTGAGE MORTGAGEE – THE BANK OF NOVA SCOTIA ORIGINAL PRINCIPAL AMOUNT: \$30,000,000

LEGAL:

2737625/1

THE SE 1/4 OF SECTION 28-5-6 EPM

EXC SLY 1320 FEET PERP

SUBJECT TO THE RESERVATIONS AND PROVISOS

CONTAINED IN THE GRANT FROM THE CROWN

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LEGAL:

2737626/1

THE NW 1/4 OF SECTION 21-5-6 EPM

EXC FIRSTLY: WLY 1320 FEET AND

SECONDLY: PUBLIC DRAIN PLAN 7865 WLTO

SUBJECT TO THE RESERVATIONS AND PROVISIOES

CONTAINED IN THE GRANT FROM THE CROWN

TITLE NUMBER:

2737626/1

PERMITTED ENCUMBRANCES:

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
2403749/1	05/08/1999	CAVEAT RE: RIGHT-OF-WAY AGREEMENT CAVEATOR - MTS COMMUNICATIONS INC.

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SCHEDULE B

Permitted and Non-Permitted Encumbrances

SPECIFIC PERMITTED AND NON-PERMITTED ENCUMBRANCES**LEGAL:**

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