Form 27
[Rules 6.3]

Clerk's stamp

JUDICIAL CENTRE OF CALGARY
FILED DIGITALLY
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Jan 17, 2024
10:14 AM
CLERK OF THE COURT

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.
PARTY FILING THIS DOCUMENT	ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED MONITOR OF THE DEBTOR COMPANIES
DOCUMENT	**APPLICATION** **Re: Stay Extension and Sealing Order**
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. / Erin E. Colwell howard.gorman@nortonrosefulbright.com erin.colwell@nortonrosefulbright.com Tel: +1 403.267.8222 Fax: +1 403.264.5973 Lawyers for the Monitor, Ernst & Young Inc. File no.: 1001221818

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent. You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:	
Date:	January 23, 2024
Time:	2:00 P.M.
Where:	Calgary, Alberta (via Webex)
Before Whom:	The Honourable Justice Jeffrey

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1 The Applicant, Ernst & Young Inc., in its capacity as Court-appointed Monitor (the **Monitor**) of North American Lamb Company Ltd. (**NALCO**) and its subsidiaries, 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** or the **NALCO Group**), seeks two orders under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the **CCAA**):

(a) a stay extension order (**Stay Extension Order**), extending the stay of proceedings through to April 27, 2024, substantially in the form attached hereto as Schedule "A"; and

(b) a sealing order in respect of the Confidential Supplement to the Sixth Report of the Monitor (**Sealing Order**), substantially in the form attached hereto as Schedule "B".

Grounds for making this application:

2 On August 8, 2022, the Debtor Companies were granted protection and permission to commence proceedings under the CCAA pursuant to an Order of this Honourable Court (the **Initial Order**). Among other things, the Initial Order appointed the Applicant as Monitor and established an initial stay of proceedings in favour of the Debtor Companies from August 8,

2022 until August 18, 2022 (the **Stay Period**). The Monitor was also granted enhanced powers, which included the ability to, among other things:

(a) exercise such rights, powers and obligations of the Debtor Companies as the Monitor deems necessary or advisable;

(b) exercise any power which may be properly exercised by an officer or the board of directors of the Debtor Companies;

(c) take any steps in order to direct or cause the Debtor Companies to exercise any rights or fulfill any of their duties under the Initial Order;

(d) take any and all steps in order to direct or cause the Debtor Companies to manage the business, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, cease to perform any contracts of the Debtor Companies and/or disclaim any leases on behalf of the Debtor Companies;

(e) take any and all steps in order to direct or cause the Debtor Companies to administer their property or to perform such other functions or duties as the Monitor considers necessary or desirable;

(f) execute, assign, issue, and endorse documents of whatever nature in respect of the Debtor Companies' property and/or the business in the name and on behalf of the Debtor Companies;

(g) cause the Debtor Companies to retain the service of any person as an employee, consultant, or other similar capacity; and

(h) prepare, negotiate, and file with this Court a Plan in respect of the Debtor Companies to ensure that they could continue to operate during the course of the CCAA proceedings and to ensure that a restructuring could be pursued.

3 Following the issuance of the Initial Order and a temporary stay of proceedings, the Monitor made a further application to the Court seeking various relief on the Debtor Companies' behalf, which included requests to make certain amendments to the Initial Order as well as a request to have the Court authorize a sales process for the sale of certain Debtor Companies' assets.

4 On August 17, 2022, this Court granted a series of further Orders, including an Amended and Restated Initial Order, which, among other things,

(a) extended the Stay Period up to and including December 9, 2022;

(b) increased the Interim Lender Facility and the Interim Lender's Charge;

(c) granted a charge on certain property subject to the Sale and Investment Solicitation Process (**SISP**) as security for the fees and expenses payable to the Selling Agent;

(d) enabled the Monitor to enter into a First Amended and Restated Interim Financing Facility for $1.5 million (the **Amended Financing Facility**) provided by the Bank of Nova Scotia; and

(e) removed the obligation of the Monitor to seek Court approval prior to the Debtor Companies completing a transaction in respect of livestock, meat from processed livestock, and livestock feed (the **Livestock Assets**) to a third party, provided the

Monitor take into account certain considerations provided for in the Amended and Restated Initial Order.

5 The Court also granted a SISP Order in relation to the sale of any and all property and business of the Debtor Companies that does not comprise the Livestock Assets. The SISP Order also included provisions:

(a) approving of the engagement letter (the **Engagement Letter**) with the Selling Agent, and approving of the Monitor's entry into the Engagement Letter;

(b) approving the engagement of the Selling Agent on the terms of the Engagement Letter;

(c) approving of the fees and expenses payable to the Selling Agent as contained in the Engagement Letter;

(d) declaring that 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; and

(e) approving of the Procedures for the SISP, attached as Schedule "A" to the SISP Order.

6 The Court also granted a Restricted Court Access Order in respect of the Confidential Supplement to the First Report of the Monitor.

7 Following the granting of the Amended and Restated Initial Order and the SISP Order, the Monitor worked with the Selling Agent to run the process in accordance with the procedures attached to the SISP Order. In the result, the Monitor, in consultation with the Selling Agent and

key stakeholders of the Debtor Companies, entered into six separate purchase and sale agreements (**PSAs**) for properties located in Alberta and Manitoba.

8 On December 6, 2022, this Honourable Court issued:

(a) an extension of the Stay Period until March 4, 2023;

(b) Sale Approval and Vesting Orders in respect of the following PSAs:

(i) WestFine Meats Inc. and West Excelamb Inc. (the **West Group**) for the purchase of the Processing Plant and the Iron Springs Property. A single PSA was negotiated with the West Group for the purchase of both properties (the **West Group PSA**);

(ii) ABAS Girls Ranch Ltd. (**ABAS**) for the purchase of the Lundar Property, the Rockwood Property, and the Stony Property. Three separate PSAs were negotiated with ABAS, one for each of the properties (the **ABAS PSAs**);

(iii) Sheldon Harms (**Harms**) for the purchase of select portions of the Sarto Property. The PSA negotiated with Harms would result in a carve-out of the Sarto Property such that a central land parcel would be transferred to Harms (the **Harms PSA**); and

(iv) 2 Flag Farms Ltd. (**2Flag**) for the purchase of select portions of the Sarto Property. The PSA negotiated with 2Flag would result in a carve-out of the Sarto Property such that the outer land parcels and buildings would be transferred to 2Flag (the **2Flag PSA**);

(c) a Sealing Order with respect to the Confidential Supplement to the Second Report of the Monitor; and

(d) Interim Distribution Order, authorizing the Monitor to make Interim Distributions to the Senior Secured Lenders.

9 In accordance with the Sale Approval and Vesting Orders granted on December 6, 2022, the Monitor closed the PSAs on the following dates:

(a) the West Group PSA closed January 27, 2023;

(b) all three of the ABAS PSAs closed December 16, 2022;

(c) the Harms PSA closed January 6, 2023;

(d) the 2Flag PSA closed December 22, 2022.

10 Based on interim net proceeds of these CCAA Proceedings, and with the approval and agreement from the Senior Secured Lenders and consistent with the Interim Distribution Order, the Monitor proceeded to make interim distributions to Farm Credit Canada in the amount of $10,500,000.00, and Bank of Nova Scotia in the amount of $6,725,000.00 (together the **Senior Secured Lenders**).

11 On March 2, 2023, this Honourable Court granted a Stay Extension Order, extending the Stay Period until May 27, 2023.

12 On May 23, 2023, this Honourable Court granted a subsequent Stay Extension Order, extending the Stay period until September 30, 2023.

13 On October 6, 2023, this Honourable Court granted a subsequent Stay Extension Order, extending the Stay period until January 31, 2024. This Stay Extension Order was granted *nunc pro tunc* such that it was effective as of September 30, 2023.

14 These Stay Extension Orders were granted by the Court in order to provide the Monitor with the opportunity to continue winding down the Debtor Companies' operations, address outstanding amounts owing to the Debtor Companies and any residual taxation matters, coordinate with the Senior Secured Lenders and other stakeholders on residual CCAA matters, and analyze further distributions to be made to creditors.

Activities of the Monitor Since Filing the Fifth Report

15 Since the filing of the Fifth Report, the Debtor Companies have worked diligently, in good faith, and in close connection with the Monitor and key stakeholders to advance the within proceedings. Among other things, the following activities have been undertaken by the Monitor and the Debtor Companies:

(a) winding up the Company's financial affairs;

(b) compiling information and responding to various inquiries from creditors and interested parties;

(c) completing GST and income tax return filings for all entities;

(d) continuing to work with the Company to collect outstanding accounts receivable and unapplied prepayments owed to the Company;

(e) developing a revised cash flow, i.e., CFS#7 in consultation with the NALCO Group's operations and finance departments, which is described in further detail below; and

(f) updating and providing information to the Senior Secured Lenders with respect to the status of the CCAA proceedings generally, and other matters of interest.

16 The extension of the Stay Period as requested is supported by Cash Flow Statement #7 and will allow sufficient time for the Monitor to further wind down the NALCO Group's operations, address any further outstanding amounts owing to the Debtor Companies and any residual taxation matters, coordinate with the Senior Secured Lenders and other stakeholders on residual CCAA matters, and analyze final distributions, if any, to be made to creditors.

17 The Monitor anticipates making disbursements totalling approximately $500,000 during the Revised Forecast Period, and that the Debtor Companies will continue to generate sufficient liquidity during the CCAA proceedings.

18 As indicated in the Sixth Report of the Monitor, the Debtor Companies are working in good faith and with due diligence in these proceedings. It is appropriate in the circumstances and in the best interests of the Debtor Companies and their stakeholders that the Stay Period be extended.

19 The Monitor also seeks a sealing order with respect to the Confidential Supplement. The Confidential Supplement contains sensitive commercial information, including unredacted copies of an Offer to Purchase certain assets of the Debtor Companies. The proposed sealing order is the least restrictive means to prevent disclosure of the confidential and commercially sensitive information in the Confidential Supplement.

Material or evidence to be relied on:

20 The First, Second, Third, Fourth, Fifth, and Sixth Reports of the Monitor.

Applicable Acts and Regulations:

21 *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

22 *Rules of Court*, Alta Reg 124/2010.

23 Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity claimed or objection relied upon:

24 None.

How the application is proposed to be heard or considered:

25 Before the Honourable Justice Jeffrey on the Calgary Commercial List via Webex, or so soon thereafter as the Court may permit.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule A

COURT FILE NUMBER	2201-08920	Clerk's stamp
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	**ORDER** **Re: Stay Extension**	
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. / Erin E. Colwell howard.gorman@nortonrosefulbright.com erin.colwell@nortonrosefulbright.com Tel: +1 403.267.8222 Fax: +1 403.264.5973 Counsel for the Monitor File no.: 1001221818	

DATE ON WHICH ORDER WAS PRONOUNCED: JANUARY 23, 2024

LOCATION OF HEARING: CALGARY, ALBERTA (VIA WEBEX)

NAME OF JUSTICE WHO MADE THIS ORDER: HONOURABLE JUSTICE JEFFREY

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, as amended and restated by the Order of the Honourable Justice R.A. Neufeld, dated August 17, 2022; **AND UPON** having read the Sixth Report of the Monitor, 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 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.

2 The Stay Period as ordered and defined in paragraph 13 of the Initial Order granted herein on August 8, 2022, as amended and restated by Amended and Restated Initial Order granted on August 17, 2022, is hereby extended to and including April 27, 2024.

3 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.

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Justice of the Court of King's Bench of Alberta

COURT FILE NUMBER	2201-08920	Clerk's stamp
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	**SEALING ORDER**	
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. / Erin E. Colwell howard.gorman@nortonrosefulbright.com erin.colwell@nortonrosefulbright.com Tel: +1 403.267.8222 Fax: +1 403.264.5973 Counsel for the Monitor File no.: 1001221818	

DATE ON WHICH ORDER WAS PRONOUNCED: JANUARY 23, 2024

LOCATION OF HEARING: CALGARY, ALBERTA (VIA WEBEX)

NAME OF JUSTICE WHO MADE THIS ORDER: HONOURABLE JUSTICE JEFFREY

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**); **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 Sixth Report of the Monitor, filed, and the Confidential Supplement to the Sixth 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:

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.

2 An unredacted copy of the Confidential Supplement to the Sixth Report of the Monitor shall be filed in an envelope, which will be marked as "SEALED PURSUANT TO COURT ORDER – NOT TO BE OPENED WITHOUT PRIOR ORDER OF THIS COURT", and which shall be maintained as sealed, confidential and not forming part of the public record, for one year following pronouncement of this Order.

3 The Monitor, or any person, entity or party affected by this order, may apply to this Court to extend the period during which the Confidential Supplement to the Sixth Report of the Monitor will be maintained as sealed, confidential and not forming part of the public record. Any person, entity or party affected by this Order may otherwise apply to have this Order vacated, substituted, modified or varied, with such application to be brought on notice to the Monitor and any other affected party.

4 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.

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Justice of the Court of King’s Bench of Alberta