



This is the 2nd affidavit
of Paul Antoniadis in this case
and was made on July 10, 2024

No. S-244212
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF GOOD NATURED PRODUCTS INC., & THOSE ENTITIES LISTED
IN SCHEDULE "A"

PETITIONERS

AFFIDAVIT

I, Paul Antoniadis, businessperson, of 814 - 470 Granville Street, Vancouver, British Columbia,
AFFIRM THAT:

1. I am the Chief Executive Officer of good natured Products Inc. ("**GDNP PubCo**"), one of the petitioners in these proceedings. I have held this position since June, 2015. In my role as Chief Executive Officer of GDNP PubCo, I am responsible for overseeing the day-to-day operations of GDNP PubCo and the petitioners listed in Schedule "A" (collectively, the "**Petitioners**" or the "**Company**"), their liquidity management and, ultimately, for assisting in their restructuring process. I am familiar with the business and have relied upon the various books and records of the Petitioners in preparing this affidavit. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources of information, I have so stated and I believe them to be true. In preparing this affidavit, I have also consulted with members of the senior management teams of, and the financial and legal advisors to, the Petitioners.

2. Capitalized terms used but not otherwise defined in this affidavit shall have the meanings given to them in the First Affidavit of Paul Antoniadis made on June 27, 2024, the Order of the Honourable Madam Justice Fitzpatrick granted June 28, 2024 pursuant to the CCAA (the “**Initial Order**”), and the Order of the Honourable Madam Justice Fitzpatrick granted July 8, 2024 pursuant to the CCAA (the “**ARIO**”), as applicable.
3. This affidavit is made in support of an application by the Petitioners for an order under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”):
 - (a) extending the Stay Period (as defined below) until and including October 25, 2024;
 - (b) authorizing the Applicants to enter into and borrow under the DIP Loan (as defined below) for the extended Stay Period, and granting a charge on the Property in respect of the DIP Loan for the benefit of Wells Fargo Capital Finance Corporation Canada (the “**DIP Lender**” or “**Wells Fargo**”); and
 - (c) approving the SISP.

A. Background

4. Pursuant to the Initial Order, this Court (among other things):
 - (a) granted a stay of proceedings in respect of the Petitioners and the Property until July 8, 2024 (the “**Stay Period**”);
 - (b) granted the Administration Charge in the amount of \$100,000;
 - (c) granted the Directors’ Charge in the amount of \$400,000; and
 - (d) appointed A&M as Monitor within these CCAA proceedings.
5. Pursuant to the ARIO, this Court (among other things):
 - (a) extended the Stay Period in respect of the Petitioners and the Property until July 11, 2024; and
 - (b) increased the amount granted by the Administration Charge to \$250,000.

B. Extension of the Stay Period

6. The Applicants seek a further extension of the Stay Period to and including October 25, 2024 (the “**Stay Extension**”).
7. The Stay Extension will allow the Applicants to continue to operate the GDNP Business as a going concern and implement the SISP, with the assistance and under the oversight of the Monitor, with a view to completing an investment or sale as contemplated by the SISP (a “**Transaction**”) for the benefit of the Company's stakeholders.
8. The Petitioners, in consultation with the Monitor, prepared a cash flow forecast for the weeks ending July 12, 2024 to November 1, 2024 (the “**Cash Flow Forecast**”). The Cash Flow Forecast confirms that, if the DIP Loan is approved, the Petitioners will have sufficient liquidity to continue going concern operations and implement the SISP during the extended Stay Period. A copy of the Cash Flow Forecast is attached hereto as **Exhibit A**.
9. Following the granting of the Initial Order, the Petitioners have been working in good faith and with due diligence to:
 - (a) stabilize the Company's business and operations;
 - (b) advise its stakeholders of these CCAA proceedings;
 - (c) respond to creditor and stakeholder inquiries;
 - (d) negotiate and finalize DIP financing, including extensive negotiations with Wells Fargo and its financial advisors; and
 - (e) develop the proposed SISP in collaboration with the Monitor, including soliciting interest and negotiating with three prospective sales agents.
10. The proposed Stay Extension is supported by the Monitor and the DIP Lender.

C. Approving the DIP Loan and DIP Charge

11. Interim financing is needed to provide stability and fund operations and restructuring efforts, including these CCAA proceedings and implementation of the SISP and any

Transaction arising from the SISP. To that end, in addition to the DIP term sheet secured prior to the Initial Order hearing, the Petitioners (in consultation with the Monitor) solicited further expressions of interest in providing DIP financing from Wells Fargo, one of the Company's secured lenders.

12. After considering its DIP financing options, the Petitioners and the Monitor entered into extensive DIP financing negotiations with Wells Fargo and its financial advisors. The Petitioners, as borrower, have negotiated a Ninth Amendment to Credit Agreement and Forbearance (the "**DIP Term Sheet**") with Wells Fargo, pursuant to which Wells Fargo has agreed to fund a super-priority loan (the "**DIP Loan**"). A copy of the DIP Term Sheet is attached hereto as **Exhibit B**.
13. The DIP Loan is an amendment and forbearance to the Wells Fargo Facility, effectively providing the Petitioners with increased loan availability for the duration of the extended Stay Period. Based on the Cash Flow Forecast, the DIP Loan is expected to provide the Company with sufficient liquidity to continue its business operations during these CCAA proceedings while completing a Transaction for the benefit of the Company and its stakeholders.
14. The DIP Term Sheet contemplates the granting of a super-priority Court-ordered charge over the Property (the "**DIP Lender's Charge**") to secure the obligations of the Petitioners outstanding from time to time in connection with the DIP Loan.
15. The DIP Lender's Charge will secure all obligations owed by the Petitioners to Wells Fargo under the Wells Fargo Facility, as amended by the DIP Term Sheet, provided that the DIP Lender's Charge shall only secure the aggregate of the borrowings and obligations under the Wells Fargo Facility made on or after the execution of the DIP Term Sheet, and shall not secure any obligation that exists before the DIP Approval Order is granted.
16. Given the current financial circumstances of the Petitioners, Wells Fargo has indicated that it is not prepared to advance additional funds without the security of the DIP Lender's Charge, including ranking the DIP Lender's Charge second in priority against the Property (behind the Administration Charge), provided that the DIP Lender's charge is subordinate

to the security of TD Bank and HSBC (now the Royal Bank of Canada (“**RBC**”)) in respect of the Petitioners’ Canadian real estate, as provided in the Third Amended and Restated Intercreditor Agreement amongst the Petitioners, Wells Fargo, TD Bank, HSBC (now RBC), and Export Development Canada, dated February 22, 2024.

17. In consultation with the Monitor, the Petitioners believe that the economic terms of the DIP Term Sheet are reasonable. The structure and terms of the DIP Term Sheet provide sufficient flexibility to the Petitioners to allow them to continue operations, and negotiate and close a Transaction following the conclusion of the SISP.

D. SISP

18. The Company worked throughout July 2023 to present, to identify a strategic transaction that would have avoided the need for CCAA proceedings. With the assistance of William Blair, a US investment bank and financial services provider, the Company undertook a comprehensive marketing process (the “**Pre-Filing Sale Process**”). The Pre-Filing Sale Process generated credible interest, but did not result in an actionable bid for any portion of the Petitioners before the Petitioners’ liquidity issues necessitated these CCAA proceedings.
19. As a result, in order to pursue a going concern transaction for the benefit of the Petitioners’ stakeholders during these CCAA proceedings, the Petitioners seek approval of the SISP, which has been developed in consultation with the Monitor and the DIP Lender.
20. The Petitioners, in consultation with the Monitor, solicited interest from three prospective sales agents to run the SISP. After considering its options and negotiation terms with the various sales agents, the Company, in consultation with the Monitor, selected Capital West Partners as the proposed SISP sales agent.
21. The proposed SISP authorizes the Petitioners (with the assistance and under the oversight of the Monitor) to solicit binding bids from interested parties for executable transactions involving the business and/or assets of, or the equity interests in, the Company. The proposed SISP will commence no later than the granting of the SISP Approval Order. A copy of the proposed SISP is attached hereto as **Exhibit C**.

22. A summary of the significant dates and processes within the proposed SISP is as follows:

SISP Process	Deadline
SISP Approval Order granted	July 11, 2024
SISP kick-off (teaser, dataroom, CIM etc)	July 18, 2024
LOI deadline	August 22, 2024
Phase 2 start	August 26, 2024
Definitive bids deadline and pick successful bidder	September 12, 2024
Purchase and Sale Agreement finalization	September 19, 2024
Court approval	September 26, 2024
Closing	October 11, 2024 (Outside date - October 25, 2024)

AFFIRMED BEFORE ME at Vancouver,)
British Columbia, on July 10, 2024.)



A Commissioner for taking affidavits for)
British Columbia)

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PAUL ANTONIADIS

SCHEDULE A


Canadian Petitioners

1. good natured Products Inc.
2. good natured Real Estate Holdings (Ontario) Inc.
3. 1306187 B.C. Ltd.
4. good natured Products (CAD) Inc.
5. good natured Products Packaging Canada GP Inc.
6. good natured Products Packaging Brampton GP Inc.
7. good natured Products Industrial Canada GP Inc.
8. good natured Products Packaging Canada LP
9. good natured Products Packaging Brampton LP
10. good natured Products Industrial Canada LP

US Petitioners

11. good natured Products (US) Inc.
12. good natured Products (Illinois), LLC
13. good natured Products Real Estate U.S., LLC
14. good natured Products Packaging US LLC
15. good natured Products Direct LLC
16. good natured Products (Texas) LLC

This is Exhibit "A" referred to in the
Affidavit #2 of Paul Antoniadis affirmed before
me at Vancouver, BC,
this 10th day of July 2024

A handwritten signature in blue ink, appearing to be 'Cm' followed by a stylized '25' with a horizontal line extending from the end.

A Commissioner/Notary Public for the Province
of British Columbia

good natured Products Inc., et al ("GDNP" or the "Company")
Second CCAA Cash Flow Forecast
Notes and Assumptions

1. The cash flow statement (the "Second CCAA Cash Flow Forecast") has been prepared by management ("Management") of good natured Products Inc. and its affiliates and subsidiaries, to set out the liquidity requirements of the Company during the *Companies' Creditors Arrangement Act* proceedings (the "CCAA Proceedings").

The CCAA Cash Flow Forecast is presented on a weekly basis from June 29 to October 25, 2024 (the "Period") and represents Management's best estimate of the expected results of operations during the Period. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the CCAA proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

Unless otherwise noted, the CCAA Cash Flow Forecast is presented in Canadian dollars.

2. The opening cash position as presented in the CCAA Cash Flow Forecast includes the Company's actual cash availability as of the first day of the Second CCAA Cash Flow Forecast.
3. Trade receipts from sales are forecast based on current accounts receivables balance, their payment terms and forecast revenue during the Period.
4. Operating disbursements, including raw materials purchases, direct labour, overhead and fulfillment cost, are forecast based on Management's forecast of monthly production activities.
5. Payroll, benefits and payroll taxes includes payments to GDNP's employees, group benefits and payroll taxes. It is assumed that operations at all facilities will continue uninterrupted with all payroll tax remittances kept current during the CCAA Proceedings. Employees are paid under the following payment frequencies:
 - Vancouver corporate office: semi-monthly;
 - Ayr, ON facility, Brampton, ON facility and Richmond, IL facility: bi-weekly; and
 - Houston, TX facility: weekly.

6. Rent payments are forecast based on actual payments terms assuming operations and production continue uninterrupted at all locations during the Period.
7. Utilities and sales, general and administration ("SG&A") expenses, including marketing, product development, travel/automobile expense, telephone and internet and employees' expenses, and are forecast to be paid in the ordinary course of business.
8. Insurance payments represents GDNP's payment to its insurance premium financier. Monthly instalment payable totaled approximately \$82,000. GDNP expects an additional payment of \$55,000 payable during Week 7 as GDNP's US insurance policies are renewed.
9. Monthly maintenance capital expenditures of \$75,000, covering any potential capital maintenance required at the four facilities: Ayr, ON, Brampton, ON, Richmond, IL and Houston, TX.
10. Key Employee Retention Plan ("KERP") payment is included in the Second CCAA Cash Flow Forecast for illustrative purposes. As of July 10, 2024 (the finalization date for the Second CCAA Cash Flow Forecast), GDNP has not made an application to the Court for the approval of a KERP.
11. Restructuring professional fees have been forecast based on projected costs of professional services firms relating to the proposal proceedings and the CCAA proceedings and include the Company's legal counsel (Canada and the U.S. for the Chapter 15 Recognition Proceedings), the Monitor and its legal counsel and the advisors to the Interim Lender, Wells Fargo. Certain retainers were funded prior to the CCAA Proceedings.

Included in professional fees are the legal fees in relation to a potential litigation against certain former employee and competitor in the U.S.
12. Interim financing during the CCAA Proceedings will be provided by Wells Fargo pursuant to the Ninth Amendment to Credit Agreement and Forbearance. Interim lending is forecast to be required during the Period. Interim Facility interest costs and fees are subject to the Ninth Amendment to Credit Agreement and Forbearance.
13. Sales Advisor fees represent the monthly work fee payable to the Sales Advisor under the Sale and Investment Solicitation Process. No success fees have been included in the Second CCAA Cash Flow Forecast

This is Exhibit "B" referred to in the
Affidavit #2 of Paul Antoniadis affirmed before
me at Vancouver, BC,
this 10th day of July 2024

A handwritten signature in blue ink, appearing to be 'C. J. T.', written over a horizontal line.

A Commissioner/Notary Public for the Province
of British Columbia

NINTH AMENDMENT TO CREDIT AGREEMENT AND FORBEARANCE

(this Agreement)

THIS AGREEMENT is dated as of July 11, 2024

AMONG: **GOOD NATURED PRODUCTS INC.**
 (as the Borrower)

AND: **THE SUBSIDIARIES OF THE BORROWER PARTY HERETO**
 (the Guarantors, and together with the Borrowers hereinafter referred to as the
 Loan Parties, and each a Loan Party)

AND: **WELLS FARGO CAPITAL FINANCE CORPORATION CANADA**
 (Lender)

WHEREAS The Lender has made certain loans available to the Borrower upon the terms and conditions contained in a credit agreement between the Borrower, the Guarantors and the Lender dated as of August 25, 2022 (as amended by the First Amending Agreement (Credit Agreement) dated as of October 3, 2022, the Second Amending Agreement and Joinder (Credit Agreement) dated as of February 28, 2023, the Third Amendment Agreement dated as of June 22, 2023, the Fourth Amending Agreement dated as of February 20, 2024, the Fifth Amending Agreement and Consent dated February 22, 2024, the Sixth Amending Agreement dated March 5, 2024, the Seventh Amendment Agreement and Waiver dated March 28, 2024, the Eighth Amending Agreement (Credit Agreement) dated as of June 3, 2024, and as such credit agreement as may at any time or from time to time be further amended, supplemented, restated or replaced, the "**Credit Agreement**";

WHEREAS the Borrower has failed to comply with its obligation under Section 7.3 of the Credit Agreement to maintain minimum Liquidity of \$3,000,000 from June 1, 2024, and such failure resulted in an Event of Default under Section 8.1(b) of the Credit Agreement (the "**Liquidity Breach**");

WHEREAS on June 28, 2024 (the "**Filing Date**"), without notice to the Lender, the Loan Parties sought and obtained an initial order (the "**Initial Order**") from the Supreme Court of British Columbia (the "**CCAA Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") (such proceeding being referred to as the "**CCAA Proceedings**"), which constitutes Events of Default under Sections 8.1(d) and (e) of the Credit Agreement (together with the Liquidity Breach, the "**Existing Events of Default**");

WHEREAS on July 8, 2024, the Loan Parties sought and obtained an amended and restated initial order (the "**ARIO**") from the CCAA Court pursuant to the CCAA;

WHEREAS the Loan Parties have requested debtor-in-possession financing and, notwithstanding the Existing Events of Default, the Lender has agreed, subject to the foregoing and to the other terms and conditions herein, to provide debtor-in-possession financing by continuing to make available to the Borrower certain borrowings under the Credit Agreement as set out herein during the CCAA Proceedings;

WHEREAS the Loan Parties have further requested that the Lender forbear from objecting to the CCAA Proceeding and enforcing its rights arising as a result of the Existing Events of Default;

WHEREAS the Loan Parties intend to seek a second amended and restated initial order (the "**SARIO**") no later than July 11, 2024 and as part of that relief, will ask the CCAA Court to ratify this Agreement and grant the relief set out in Section 9.1(d) of this Agreement;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

ARTICLE I – INTERPRETATION

- 1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

ARTICLE II – ACKNOWLEDGEMENTS AND REPRESENTATIONS BY THE LOAN PARTIES

- 2.1 Each Loan Party hereby acknowledges and agrees that:

- (a) as of June 28, 2024, the aggregate outstanding principal amount of the Revolving Loans is US\$7,190,764.62, in each case, exclusive of accrued interest and any other fees (including legal fees), costs, expenses or amounts chargeable to the Loan Parties under the Loan Documents (the "**Existing Indebtedness**");
- (b) the Existing Events of Default have occurred and are continuing;
- (c) as of the date hereof, other than the Existing Events of Default (other than any Default or Event of Default arising solely from the events that are a necessary consequence of the CCAA Proceedings), no other Default or Event of Default has occurred and is continuing;
- (d) the Lender has not waived nor does it intend to waive the Existing Events of Default and nothing contained herein or the transactions contemplated hereby shall be deemed to constitute any such waiver;
- (e) the Lender shall be under no obligation to continue the commitments made herein following the Forbearance Period (as hereinafter defined) and shall only continue the commitments noted herein during the Forbearance Period subject to the terms and conditions of this Agreement;
- (f) the Obligations are hereby ratified and confirmed by the Loan Parties in all respects, the Loan Parties hereby acknowledging and agreeing that the Obligations are not subject to any valid claims for set-off, counterclaim, damages, or any other claims or defenses whatsoever against the Lender and if there are any such claims, then each Loan Party hereby expressly waives and released them to the fullest extent permitted under the applicable law;
- (g) as at the date of this Agreement, the Loan Parties have paid or caused to be paid and satisfied when due all amounts in respect of employee payroll remittances, employee wages, and other obligations which have or may constitute a Priority Payable to the extent due and payable as of the date hereof;
- (h) the Lender has and will continue to have valid, enforceable and perfected first ranking Liens, subject to (i) Permitted Liens in existence as of the Filing Date and (ii) any prior ranking court-ordered charge(s) in the SARIO, over and in respect of the Collateral as continuing and collateral security for the Obligations and all other amounts owing from time to time under this Agreement, the Credit Agreement and the other Loan Documents;

- (i) the Lender is and will be entitled to the rights, remedies and benefits provided for in this Agreement, the Credit Agreement and the other Loan Documents subject to applicable law;
 - (j) the Approved Cash Flow (as hereinafter defined) existing as at the date of this Agreement covers the period from July 8, 2024 to October 25, 2024; and
 - (k) this Agreement constitutes a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.
- 2.2 Each Loan Party acknowledges and agrees that the forbearance provided herein shall not in any manner limit or restrict any rights or remedies available to Lender under the Credit Agreement, the other Loan Documents or under applicable law as a result of any Event of Default now or hereafter existing other than with respect to the Existing Events of Default as set forth herein and subject to the CCAA Proceeding.
- 2.3 The Loan Parties and the Lender acknowledge and agree that the Interim Lender's Charge shall only secure the aggregate of the any borrowings and all other Obligations under the Credit Agreement (as amended by this Agreement), made on or after the date of this Agreement.

ARTICLE III – FORBEARANCE PERIOD AND COMMITMENTS

- 3.1 In reliance upon the representations, warranties and covenants of the Loan Parties contained herein, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection herewith, Lender hereby agrees to forbear from enforcing its rights and exercising its remedies under the Credit Agreement and the other Loan Documents or under applicable law in respect of or arising out of the Existing Events of Default, subject to the conditions, amendments and modifications contained in this Agreement, during the period (the "**Forbearance Period**") commencing on the date of this Agreement and ending on the DIP Termination Date (as hereinafter defined).
- 3.2 Upon the expiration or termination of the Forbearance Period, the agreement of Lender to forbear with respect to the Existing Events of Default shall automatically and without further action terminate and be of no force and effect, it being expressly agreed that subject to the notice requirements in the SARIO the effect of that termination will be to permit the Lender to exercise all or any part of its rights and remedies under this Agreement, the Credit Agreement, the other Loan Documents and applicable law (whether against all or any combination of the Loan Parties), including without limitation:
- (a) to immediately terminate and cease to permit any further borrowings, upon which no further credit will be available thereunder;
 - (b) to demand immediate payment of all of the Obligations and enforce all of the Lender's rights and remedies under this Agreement, the Credit Agreement, the other Loan Documents and applicable law, in each case without any further notice, passage of time or forbearance of any kind; and
 - (c) to appoint a receiver, interim receiver or receiver and manager of any of the Loan Parties pursuant to this Agreement, the Credit Agreement, the other Loan Documents or applicable law (or apply to a court of competent jurisdiction to do so).
- 3.3 No Waiver and Reservations of Rights. Lender has not waived, and is not by this Agreement waiving, and has no intention of waiving, any Event of Default (including the Existing Events of Default) which may be existing on the date hereof or which may occur after the date hereof (whether the same or similar to the Existing Events of Default), and Lender has not agreed to

forbear with respect to any of its rights or remedies concerning any Event of Default (other than the Existing Events of Default), Lender hereby reserving the right to exercise any rights, remedies and recourses that it may have under the Loan Documents and/or applicable law at any time should any other Event of Default exist on the date hereof or occur after the date hereof.

ARTICLE IV – FORBEARANCE TERMS, CONSENTS AND COVENANTS

4.1 Covenants of the Loan Parties.

- (a) **SARIO.** The Borrower shall seek and obtain, the SARIO in the CCAA Proceedings on or before July 11, 2024, being an Order of the CCAA Court, in form and substance satisfactory to Lender providing for, among other things, (i) authorizing and directing the Loan Parties to pay, in accordance with the Credit Agreement, as amended hereby, any and all amounts owing by each Loan Party to Lender on account of the Loan Parties' pre-filing outstanding Obligations under the Credit Agreement from time to time, whether such Obligations arose prior to or after the date of the Initial Order, provided that no advances of funds made by Lender to the Borrower under the Credit Agreement (as amended) made on or after the granting of the SARIO shall be used to pay pre-filing outstanding Obligations under the Credit Agreement (as amended), and (ii) approving a super-priority Interim Lender's Charge (as defined in the SARIO) in respect of all Collateral of the Loan Parties, which Interim Lender's Charge shall rank in priority to all other Liens and encumbrances subject only to (x) the Administration Charge in the maximum amount of CDN\$250,000 (as defined in the SARIO), and (y) TD Loan Lender's lien in respect of the TD Priority Collateral and the HSBC Loan Lender's lien in respect of the HSBC Loan Priority Collateral (as such terms are defined in the Third Amended and Restated Intercreditor Agreement dated February 22, 2024) in respect of the Canadian real estate of the Loan Parties.
- (b) **Sale Process Milestones.** The Loan Parties agree to commence a sale and investment solicitation process in the CCAA Proceedings (the "**SISP**"), which SISP (including the identity of the sale agent (the "**Sales Agent**")) shall be in form and substance satisfactory to the Lender (acting reasonably), and among other things:
 - 1. by no later than July 11, 2024, the Borrower shall obtain an Order of the CCAA Court approving the SISP;
 - 2. the Borrower shall ensure that Lender and EY (as hereinafter defined) is promptly provided with copies of all marketing materials, any letters of interest or definitive agreements provided, any other communications in respect of the foregoing and any details of the foregoing reasonably requested by Lender or EY;
 - 3. the SISP milestones shall include the following:
 - (A) commencement of the SISP by the sale agent by no later than July 18, 2024
 - (B) phase 1 bid deadline for non binding letters of intent ("**Phase 1 LOIs**") to be no later than August 22, 2024 ("**Phase 1 Bid Deadline**");
 - (C) phase 2 bid deadline for qualified bids ("**Phase 2 Bids**") to be no later than September 12, 2024 ("**Phase 2 Bid Deadline**");

4. by no later than September 26, 2024, the CCAA Court shall have granted an approval and vesting order approving the successful transaction (or transactions) arising from the SISP; and
5. closing shall have occurred by no later than October 25, 2024.

(c) **Asset Sales and Payments** Notwithstanding anything to the contrary contained in this Agreement, the Credit Agreement or any other Loan Document:

1. each Loan Party agrees that no Restricted Payment, Investment, Permitted Investment or Capital Expenditure shall be incurred or paid, in each case unless such payment is expressly identified and included in the Approved Cash Flow or has been approved by the Lender in writing on or after the date hereof;
2. each Loan Party agrees that it shall not incur any Indebtedness other than as expressly permitted by the Approved Cash Flow or consented to by the Lender (acting reasonably) in writing;
3. each Loan Party agrees that it shall not dispose of any assets outside the ordinary course of business as allowed under the SARIO, including Permitted Dispositions (other than clause (b) in the definition thereof) unless approved by the Lender (acting reasonably) in writing on or after the date hereof; and
4. unless otherwise agreed to by the Lender in writing on or after the date hereof, or contemplated in connection with those steps set out in Section 4.1(c), the Loan Parties shall not pay any key employee any bonus, incentive or retention payments, whether such payment was an obligation arising from a contract executed prior to the date of this Agreement or otherwise unless such payment is expressly identified and included in the Approved Cash Flow.

4.2 **Financial Covenants.** Notwithstanding the provisions of Section 7.1, 7.2 and 7.3 of the Credit Agreement, Lender hereby agrees to waive, as of the Effective Date, the financial covenants in:

- (a) Section 7.1 of the Credit Agreement to achieve a Fixed Charge Coverage Ratio for the most recently ended 4 consecutive fiscal quarters for which Lender has received financial statements of not less than 1.10 to 1.00 for the balance of the Forbearance Period;
- (b) Section 7.2 of the Credit Agreement to achieve EBITDA, measured on a quarter-end basis, of at least \$6,618,000 for the last four quarters ended June 30, 2024 and the Minimum EBITDA for the balance of the Forbearance Period; and
- (c) Section 7.3 of the Credit Agreement to maintain a minimum Liquidity of \$3,000,000 during the Forbearance Period.

4.3 **EY Monitoring.** The Loan Parties hereby acknowledge and agree that, promptly upon request but by no later than two (2) Business Days following request, they shall provide to Lender and Ernst & Young Inc. ("EY"), as Lender's consultant, any and all cash flow projections, balance sheets, income statements, statements of cash flow, statements of equity and other financial statements and information reasonably requested by Lender or EY during the Forbearance Period, the whole at the Loan Parties' sole cost and expense, and that EY shall be entitled to review and monitor, for and on behalf of Lender, such above-mentioned information as well as any borrowing requests or requests for disbursement made by the Borrower to Lender during the Forbearance Period. The Loan Parties agree to reasonably cooperate with EY at all times during the Forbearance Period in connection with any reasonable request for information from EY.

4.4 Covenants during the Forbearance Period. The Loan Parties hereby agree that, during the Forbearance Period, the following covenants shall apply and be tested on a weekly basis commencing on July 8, 2024, save and except items (a) through (d) below, which shall be tested beginning on the 4th week of the Approved Cash Flow:

- (a) the aggregate amount of the sales of the Loan Parties, calculated as an average on a 4-week rolling basis, shall not be less than 80% of the aggregate amount of the sales of the Loan Parties set forth in the Approved Cash Flow;
- (b) the aggregate amount of the receipts of the Loan Parties, calculated as an average on a 4-week rolling basis, shall not be less than 80% of the aggregate amount of the receipts of the Loan Parties set forth in the Approved Cash Flow;
- (c) the aggregate amount of disbursements of the Loan Parties, calculated as an average on a 4-week rolling basis, shall not be more than 120% of the aggregate amount of disbursements of the Loan Parties set forth in the Approved Cash Flow; and
- (d) the aggregate outstanding amount of the Revolving Loans of the Loan Parties, calculated as an average on a 4-week rolling basis, shall not be more than 120% of the aggregate outstanding amount of the Indebtedness of the Loan Parties set forth in the Approved Cash Flow.

4.5 No Payments Outside of the Cash Flow. During the Forbearance Period, the Loan Parties hereby covenant and agree that, notwithstanding any provision of the Credit Agreement, they shall not make payments on account of other Permitted Indebtedness not contemplated by the Approved Cash Flow.

4.6 Cash Management.

- (a) As of the Effective Date (as defined herein), each Loan Party is required to cause all amounts in each Collection Account to be transferred on a daily basis (or with such other frequency as Lender may otherwise specifically agree) to the Lender Payment Account pursuant to Section 5.9 of the Credit Agreement in accordance with the Approved Cash Flow. For greater certainty, notwithstanding any other amendment or provision to the contrary, all the Loan Parties' current cash on hand, cash, cash receipts and any other proceeds shall be deposited into a Collection Account subject to a Control Agreement in accordance with the Approved Cash Flow.
- (b) The parties hereto hereby acknowledge, confirm and agree that the continuing implementation of the cash management arrangements is a contractual right provided to Lender hereunder and under the Credit Agreement in order for Lender to manage and monitor its collateral position and not a proceeding for enforcement or recovery of a claim, or pursuant to, or an enforcement of, any security or remedies whatsoever, that the cash management arrangements contemplated herein are critical to the structure of the lending arrangements contemplated herein, that Lender is relying on this acknowledgement, confirmation and agreement with respect to such cash management arrangements in making accommodations of credit available to the Borrower and in particular that any accommodations of credit are being provided by Lender to the Borrower strictly on the basis of a borrowing base calculation to fully support and collateralize any such accommodations of credit hereunder.

4.7 CCAA Proceedings.

- (a) all motions, applications, affidavits, Court Orders and other pleadings and related documents filed or submitted to the CCAA Court by any Loan Party shall be consistent

with the terms hereof and all Court Orders shall not be inconsistent with or have an adverse impact in any material respect on the rights, remedies or interests of the Lender, unless otherwise agreed to by the Lender;

- (b) drafts of any motions, applications, affidavits, Court Orders and other pleadings and related documents to be filed or sought by any Loan Party, shall be provided to the Lender's counsel not less than four (4) Business Days prior to service and filing (unless not practicable in the circumstances, in which case as much notice as practicable will be provided), to be confirmed in advance to be satisfactory to the Lender, acting reasonably, subject to any amendments that are required by the CCAA Court that are acceptable to the Lender, acting reasonably;
 - (c) the Loan Parties agree to comply with the timeline set forth in Section 4.1(c), with such amendments as may be agreed to by the Lender, in consultation with the Alvarez & Marsal Canada Inc. (the "**Monitor**");
 - (d) the Loan Parties shall seek and obtain, as part of the SARIO, an Order of the CCAA Court, in form and substance satisfactory to the Lender, authorizing and directing the Loan Parties to pay, in accordance with the Credit Agreement and the Cash Management provisions thereof, as amended hereby, any and all amounts owing by the Loan Parties to the Lender on account of the Loan Parties' pre-filing outstanding borrowings under the Credit Agreement from time to time, whether such borrowings arose prior to or after the date of the SARIO, provided that no advances of funds made by the Lenders to the Loan Parties under the Credit Agreement (as amended) made on or after the date of the SARIO shall be used to pay outstanding borrowings under the Credit Agreement (as amended) existing prior to the date of the SARIO (the "**Pre-filing Payments Order**");
 - (e) the Loan Parties will enforce, collect and receive at their expense all amounts owing on their accounts in the ordinary course of their business and any proceeds they receive shall be subject to the terms of the Credit Agreement and this Section 4.8.
 - (f) the Loan Parties will not disclaim any contract that is material to the Loan Parties' business except on prior notice to and with the written consent of the Lender and the Monitor;
- 4.8 No Non-arm's Length Payments: Without derogation to any negative covenants contained in the Credit Agreement, no Loan Party shall make any payments of interest, principal, bonuses, management fees, incentives, payments or salary or other distributions of cash or assets to any Person with which it does not deal with at arm's length unless such payment is expressly identified and included in the Approved Cash Flow.
- 4.9 Approved Cash Flow and Reporting: The Loan Parties agree that:
- (a) the cash flow forecast attached hereto as Schedule 1 is the approved cash flow for the period from July 8, 2024 to October 25, 2024 (the "**Approved Cash Flow**");
 - (b) in addition to the reporting requirements in Schedule 5.1 of the Credit Agreement, the Loan Parties will deliver, or cause to be delivered, to the Lender and EY each of the following:
 1. by 5:00 p.m. (PST) on the fourth (4th) Business Day of each week, an updated Borrowing Base Certificate and a variance report that shows the actual receipts and actual cash disbursements against the Approved Cash Flow on both a trailing weekly period basis and cumulative basis over the entirety of the Approved Cash Flow period to date, as well as an explanation of variances for

- individual line items in excess of the greater of 5% or \$100,000 from the Approved Cash Flow;
2. by 5:00 p.m. (PST) on the fourth (4th) Business Day of each week, account receivable reports (including but not limited to roll-forward, detailed aging, and notice of claims) for the previous week;
 3. as soon as possible after the end of each calendar month (but in any event within ten (10) Business Days after the end thereof), perpetual reports detailing the inventory, in form satisfactory to Lender, by location (and including the amounts of inventory and the value thereof that is in-transit and at any leased locations and premises of warehouses, processors or other third parties or consignees) by category (raw material, work-in-process, finished goods), by product type, and by volume on hand specifying the cost and the wholesale market value thereof, with additional detail showing additions to specifying the cost and the wholesale market value thereof, with additional detail showing additions to and deletions therefrom, together with a reconciliation to the Borrower's general ledger;
 4. as soon as available, but in any event within 25 days after the end of each fiscal month of the Borrower (or within 45 days after the end of any fiscal month that is also the end of a fiscal quarter), its consolidated balance sheet, income statement, statement of cash flow and statement of equity as of the end of and for such fiscal month, all in reasonable detail, fairly presenting in all material respects the financial position and the results of the operations of the Borrower as of the end of and through such fiscal month, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, subject to normal year-end audit adjustments and the absence of footnotes;
 5. on each month anniversary of the date of this Agreement (or the first (1st) Business Day thereafter) the Loan Parties shall provide the Agent with an update of the Approved Cash Flow, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Approved Cash Flow. For greater certainty, no such updated cash flow shall replace the Approved Cash Flow for the purposes of this Agreement unless and until the Lender has provided notice in writing to the Borrower, with a copy to the Monitor, confirming its consent to such updated Approved Cash Flow; and
 6. such additional information as the Lender or EY may from time to time reasonably request respecting any such Approved Cash Flow;
- (c) the Loan Parties shall hold a weekly conference call with the Monitor, the Sales Agent, EY and the Lender, on the fourth (4th) Business Day of each week, to provide updates on the past and anticipated future performance of the business relative to the Approved Cash Flow and, the status and progress of the SISP.
- 4.10 Payments. Unless otherwise agreed to by the Lender in writing, the Loan Parties will not make any payments outside the ordinary course of their business, other than payments in connection with the Sale.
- 4.11 Rent Payments: Subject to any pre-filing amounts that are subject to a stay of proceedings in favour of the Loan Parties or applicable Court Order, the Loan Parties must maintain as current all payments under any lease of any premises out of which any Loan Party operates, or contracts for storage or bailment, where such premises is material to the Loan Parties' business and has not otherwise been disclaimed in these CCAA Proceedings and will otherwise not permit any default or event of default under any such lease or contract for storage or bailment,

other than defaults arising by virtue of the insolvency of the Loan Parties, the commencement of or continuation of the CCAA Proceedings or the Sale, for which remedies are stayed, or forthwith obtain a waiver in writing from the relevant landlord, storer or bailee. Notwithstanding the foregoing, the Loan Parties shall be permitted to disclaim or resiliate any contracts or leases in the course of the CCAA Proceedings with the prior written consent of the Monitor.

- 4.12 Further Assurances: Each Loan Party will provide any further or additional documents, whether provided for in this Agreement, the Credit Agreement, any other Loan Documents or otherwise, that the Lender may reasonably require to ensure that the Lender has and continues to have full and complete Guarantees from each Loan Party and a first ranking Lien, subject to Permitted Liens in existence as of the Filing Date and any prior-ranking court-ordered charge(s) referenced in this Agreement and in the SARIO or otherwise reasonably approved by the Lender and granted by the CCAA Court, against such assets, properties and undertaking of the Loan Parties as the Lender requires (including all amendments or supplements to any of this Agreement, the Credit Agreement or any other Loan Document (including all Security Documents) and all additional or supplemental debentures, hypothecs, mortgages, charges, assignments, pledges and/or other security deemed necessary or desirable by the Lender).

4.13 DIP Termination Date:

All amounts owing to the Lender by the Borrower in connection with the Credit Agreement and otherwise in connection with this Agreement and all other Loan Documents shall, subject to the notice requirements in the SARIO, be paid by the Loan Parties to the Lender in full on the DIP Termination Date. The “**DIP Termination Date**” shall be the date which is the earliest of:

- (a) notice in accordance with the SARIO order by the Lender to the Borrower of an Event of Default (other than an Existing Events of Default);
- (b) September 27, 2024, provided that the date shall be extended to October 25, 2024 provided at least one Phase 2 Bid acceptable to the Lender is received on or before the Phase 2 Bid Deadline, or as otherwise agreed by the Lender in writing;
- (c) closing of the transactions for all or substantially all assets of the Loan Parties; and
- (d) the occurrence or existence of any Terminating Event.

4.14 Terminating Events:

Other than as provided in this Agreement or as may otherwise be consented to in writing by Lender, the occurrence of any of the following events will constitute a “**Terminating Event**” under this Agreement (and, for purposes of greater certainty, a Default or an Event of Default under the Credit Agreement and the other Loan Documents):

- (a) if the SARIO is not obtained in form and substance acceptable to the Lender on or prior to July 11, 2024;
- (b) if any of the Loan Parties fail to comply with any Court Order;
- (c) if,
 - 1. on the Phase 1 Bid Deadline, there are no Phase 1 LOIs received in form and substance satisfactory to the Lender;
 - 2. on the Phase 2 Bid Deadline, there are no Phase 2 Bids received in form and substance satisfactory to the Lender; or

3. if any Loan Party fails to achieve any of the steps set out in Section 4.1(c) by the dates set out therein, as such schedule may be amended from time to time with the consent of the Lender and the Monitor;
- (d) if any updated cash flow projection provided to the Lender pursuant to Section 4.10 is not acceptable to the Lender, acting reasonably;
 - (e) if (i) a Loan Party creates, incurs, assumes or permits to exist any Lien on any of its property, undertaking or assets now owned or hereafter acquired, or (ii) the CCAA Court makes any order declaring that all or part of a Loan Parties' property is subject to a Lien in favour of any party other than Lender and such court ordered charge purports to rank in any manner whatsoever in priority to or *pari passu* with any claim of Lender under its Liens in the Security Agreement or any other Loan Document or the Interim Lender's Charge, other than (A) Permitted Liens in existence as of the Filing Date; and (B) any court-ordered charge(s) approved by Lender (acting reasonably) and granted by the CCAA Court in the SARIO including, without limitation, a Directors' Charge in the maximum amount of \$400,000 which shall rank behind the Interim Lender's Charge, or otherwise, in each case approved by the Lender and granted by the CCAA Court in the CCAA Proceedings;
 - (f) if, on or after the date of this Agreement:
 1. the CCAA Proceedings are terminated without the prior or concurrent consent of Lender;
 2. any Order of the CCAA Court is sought by a Loan Party or granted by the CCAA Court that could reasonably be expected to adversely affect the interests of the Lender; or
 3. the Monitor reports to the CCAA Court that there has been a material adverse change in respect of the Loan Parties taken as a whole and/or the CCAA Proceedings;
 - (g) if any Loan Party shall fail to observe or perform any material covenant, condition or agreement contained in this Agreement;
 - (h) if any representation, warranty or other statement made or deemed to be made by any Loan Party in this Agreement, the Credit Agreement or any of the other Loan Documents or in any of the documents or instruments to be delivered to Lender as contemplated by this Agreement is untrue in any material respect or, in the case of any representation stated to be made as at a particular earlier date, was untrue in any material respect when made;
 - (i) if there occurs any closure of all or any material part of any of the business or operations of any of the Loan Parties or any suspension of all or a material part of the business or operations of any of the Loan Parties (other than in connection with those steps set out in Section 4.1(c)); and/or (ii) disposition or sale of all or any material part of the business or operations of the Loan Parties (other than in connection with those steps set out in Section 4.1(c));
 - (j) if any creditor or encumbrancer of any Loan Party takes possession of any of the Loan Parties' property or assets, or if distress or execution, foreclosure or power of sale, the exercise of a hypothecary right, or any similar process is levied or enforced against such property or assets;

- (k) if the stay imposed under the CCAA Proceedings is lifted, in whole or in part, is terminated or lapses without extension, unless Lender consents thereto;
- (l) if any action, claim or proceeding is formally commenced, filed or lodged against any of the Loan Parties which is not stayed by the CCAA Proceedings and the same gives rise to, or could reasonably be expected to give rise to, indebtedness, liabilities or obligations in excess of \$250,000, and such action, claim or proceeding continues undismissed or unstayed for a period of ten (10) calendar days after the institution thereof;
- (m) if any creditor or encumbrancer of any Loan Party takes possession of any of the Loan Parties' property or assets, or if distress or execution, foreclosure or power of sale, or any similar process is levied or enforced against such property or assets;
- (n) if any of the Loan Parties contests or denies in any manner the legality, validity, binding nature or enforceability of this Agreement, the Credit Agreement or any of the other Loan Documents or any liabilities and obligations to the Lender under or relating to this Agreement, the Credit Agreement or any of the other Loan Documents;
- (o) if the Lender reasonably determines a material adverse change in the value of the Collateral relative to the Obligations has occurred;
- (p) if any step is taken or event occurs that would materially prejudice or jeopardize the Lender's rights under this Agreement, the Credit Agreement, and the other Loan Documents or a material portion of the Collateral secured by the Loan Documents; or
- (q) if, other than the CCAA Proceedings, any action is taken by or against or consented to by a Loan Party to institute proceedings to be adjudicated a bankrupt or insolvent or consent to the institution of bankruptcy, insolvency or similar proceedings against a Loan Party or file a petition (or similar action or proceeding) or consent seeking reorganization, arrangement, or relief from creditors, or take or commence any other steps or proceedings under any one or more of the applicable insolvency, liquidation, bankruptcy or analogous statutes or laws unless, in the case of any action taken against a Loan Party in connection with any of the foregoing, such petition, application or proceeding is contested by the Loan Parties and is dismissed or stayed within five (5) Business Days after the institution thereof (and in the case of a stay, such stay is continuing).

Upon the occurrence of a Terminating Event, the Forbearance Period will automatically terminate without requirement for any notice to any Loan Party or any other action whatsoever by Lender and Lender shall, subject to the notice requirements in the SARIO, be entitled to exercise any and all rights and remedies under the Credit Agreement and the other Loan Documents without further notice to the Loan Parties.

ARTICLE V – AMENDMENTS TO CREDIT AGREEMENT

5.1 Amendments to Credit Agreement. As of the Effective Date (hereinafter defined), the Credit Agreement is amended as follows:

- (a) the defined term "Applicable Margin" in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and substituted with the following:

“Applicable Margin” means, of any date of determination, (i) 3.50% for SOFR Loans, CORRA Loans and Letter of Credit Fees, and (ii) 2.50% for Canadian Base Rate Loans and Base Rate Loans. The foregoing shall not be construed to limit the rights of Lender

with respect to the amount of interest payable after an Event of Default whether based on such recalculated percentage or otherwise.”;

- (b) the defined term “Availability Block” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety;
- (c) the defined term “Borrowing Base” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and substituted with the following:

“Borrowing Base” means, as of any date of determination, the result of:

- (a) 85% multiplied by the amount of Eligible Accounts subject to sublimits with respect to any category of Eligible Accounts as set forth in the definition thereof; plus
- (b) (b) the least of: (i) 75% multiplied by the Value of Eligible Inventory at such time, (ii) 85% of the Net Recovery Percentage in the most recent appraisal of Eligible Inventory that is acceptable to Lender multiplied by the Value of such Eligible Inventory at such time, and (iii) the greater of \$8,000,000 or 50% of the Revolving Loan Limit at such time, subject to sublimits with respect to any category of Eligible Inventory as set forth in the definition thereof; plus
- (c) Equipment Availability at such time, less
- (d) Reserves.”;
- (d) the defined term “Equipment Availability” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and substituted with the following:

“Equipment Availability” means, as of the Ninth Amendment Effective Date, \$[●] , reduced as of the first day of each month, commencing with August 1, 2024, by \$60,314.58”

- (e) the defined term “Maturity Date” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and substituted with the following:

“Maturity Date” means the earlier of (i) September 27, 2024, provided that the date shall be extended to November 1, 2024 provided at least one Phase 2 Bid acceptable to the Lender is received on or before the Phase 2 Bid Deadline; and (ii) the occurrence of a Terminating Event.”;

- (f) Section 1.1 of the Credit Agreement is hereby amended by deleting “\$20,000,000” in the definition of “Revolving Loan Limit” and replacing it with “US Dollar Equivalent of Canadian \$15,100,000”;
- (g) Section 1.1 of the Credit Agreement is amended by adding the following defined terms in alphabetical order:

“Ninth Amendment” means the Ninth Amendment to Credit Agreement and Forbearance dated as of July 11, 2024, between the Borrower, the Guarantors party thereto and the Lender.”

“Ninth Amendment Effective Date” means July 11, 2024.”

“SISP” means the “SISP” as defined in the Ninth Amendment.”

"Terminating Event" means the "Terminating Event" as defined in the Ninth Amendment."; and

- (h) Section 2.3(a) of the Credit Agreement is amended by deleting the reference to "\$4,000,000" therein and replacing it with "\$2,000,000".

Except to the extent otherwise set forth in this Agreement, the credit facilities shall continue in accordance with their terms and conditions as set forth in the Credit Agreement.

5.2 Purpose

The proceeds of all Revolving Loans by the Borrower shall, subject to the provisions of this Agreement, be used to fund the operations and other expenses in connection with the CCAA Proceedings in accordance with the Approved Cash Flow. The Borrower shall not use any Revolving Loans to fund expenses not contemplated by the Approved Cash Flow.

5.3 Borrowing Requests

The Loan Parties agree to provide Lender and EY, with each borrowing request, information detailing the proposed payments set forth in the Approved Cash Flow to be made by the Borrower with the proceeds of such borrowing, which information shall accompany each borrowing request and be in form reasonably satisfactory to Lender.

ARTICLE VI – REPRESENTATIONS AND WARRANTIES

Each of the Loan Parties hereby represents and warrants to Lender as follows (which representations and warranties shall survive the execution and delivery of this Agreement):

- 6.1 Subject to the approval of the CCAA Court, each of the Loan Parties has full corporate power and authority to execute, deliver and perform its obligations under this Agreement, the Credit Agreement (as amended by this Agreement) and the other Loan Documents executed in connection with this Agreement;
- 6.2 The execution, delivery and performance by each of the Loan Parties of its obligations under this Agreement, the Credit Agreement (as amended by this Agreement) and all the other Loan Documents executed in connection with this Agreement and the consummation of the transactions contemplated hereby and thereby: (i) have been duly authorized by all necessary corporate and shareholder action on the part of each of the Loan Parties; (ii) do not and will not, in any material respect, conflict with, result in a breach of violation of, or constitute or default under, the constating documents or by-laws of the Loan Parties or any material agreement, contract or other document to which the Loan Parties are now a party or are otherwise bound; and (iii) do not require the consent or approval of, registration or filing with, any other party (including the shareholders of such parties) or any Governmental Authority, except as have been obtained on or before the date hereof or where the failure to obtain same would not reasonably be expected to have a Material Adverse Effect;
- 6.3 Each of the representations and warranties in this Agreement, the Credit Agreement or any of the other Loan Documents are true and correct in all respects as of the date hereof, except, in each case, for those that relate specifically to an earlier date, in which case such representations and warranties were true and correct on and as of such earlier date;
- 6.4 This Agreement and each of the other Loan Documents executed in connection with this Agreement have been duly executed and delivered by the Loan Parties and constitute legal, valid and binding obligations of the Loan Parties party thereto, enforceable against them in

accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally; (ii) the equitable and statutory powers of the courts of competent jurisdiction to stay proceeding before them, to stay the execution of judgment and to award costs; and (iii) the discretion of such courts as to the granting or remedies of specific performance and injunction; and

- 6.5 Other than the Existing Events of Default, no Default or Event of Default under the Credit Agreement has occurred or is continuing.

ARTICLE VII – REAFFIRMATION OF OBLIGATIONS

- 7.1 Each of the Loan Parties:

- (a) reaffirms its respective obligations under the Credit Agreement (as amended by this Agreement) and the other Loan Documents to which it is a party; and
- (b) confirms that its respective obligations remain in full force and effect with respect to the Credit Agreement (as amended by this Agreement) and the other Loan Documents to which it is a party.

- 7.2 This Agreement shall be deemed to be part of, and a modification to, the Credit Agreement and shall be governed by all the terms and provisions of the Credit Agreement with respect to the modifications intended to be made to the Credit Agreement. Except as expressly provided in this Agreement, nothing contained in herein shall be deemed to amend, waive or consent to the modification, waiver or consent of any other term, condition, covenant or agreement contained in the Credit Agreement or any other Loan Documents or be deemed to be a waiver of any Default or Event of Default under the Credit Agreement or any other Loan Documents, and each of the Loan Parties hereby agrees and acknowledges that, as modified and supplemented by this Agreement, all of the terms, conditions, covenants, agreements and other provisions contained in the Credit Agreement and the other Loan Documents are hereby ratified and confirmed in all respects and shall remain in full force and effect.

ARTICLE VIII – FEES AND COSTS

- 8.1 In consideration of the forbearance terms and amendments set out in this Agreement, the Borrower agrees to pay to the Lender, an interim lender fee in the amount of Cdn\$100,000, which shall be fully earned and paid upon execution of this Agreement (the "**Interim Lender Fee**").
- 8.2 The Interim Lender Fee is in addition to all other reasonable fees of the Lender and EY (including legal fees), interest, costs, expenses and other amounts payable in connection with this Agreement, the Credit Agreement and the other Loan Documents (including fees contemplated in the Credit Agreement to the extent that payment has not been received by the Lender or EY as at the date hereof) and may be charged by the Lender to any account of the Borrower maintained by the Lender. The Interim Lender Fee will be fully earned by the Lender despite any failure by any Loan Party to comply with any other term of this Agreement.

ARTICLE IX – EFFECTIVENESS AND CONDITIONS

- 9.1 This Agreement shall become effective on the date (such date being the “**Effective Date**”) on which Lender shall have received the following, each in form and substance satisfactory to Lender:
- (a) a fully-executed copy of this Agreement;
 - (b) the Lender shall have confirmed to the Loan Parties that the Approved Cash Flow prepared by the Borrower is satisfactory to the Lender;
 - (c) the Lender shall have received, drafts of the SARIO and drafts of all supporting affidavits and reports to be filed in the CCAA Proceedings and the Approved Cash Flow and such materials shall be in form and substance satisfactory to the Lender, acting reasonably;
 - (d) the SARIO shall have been granted in form and substance satisfactory to the Lender and shall, *inter alia*:
 - 1. approve or ratify the Loan Parties' execution and performance of this Agreement;
 - 2. provide that the aggregate of any Borrowings under the Credit Agreement (as amended by this Agreement) made on or after the time of the granting of the SARIO (the “**DIP Advance**”) shall be secured by a CCAA Court ordered security and charge in favour of the Lender (the “**Interim Lender's Charge**”) which security and charge shall rank in priority to every other claim, Lien and security interest against the Loan Parties' property, assets and undertaking, other than the Administration Charge and in respect of the Real Estate (in which security and charge shall rank in second position as noted in this Agreement), without any need or requirement for any further steps for attachment, perfection, opposability against third parties, registration, publication or other notice thereof required to be taken by the Lender;
 - 3. provide that the Lender shall at all times be treated as an “unaffected creditor” in relation to the DIP Advance in the CCAA Proceedings and/or in any other insolvency, restructuring, reorganization and/or arrangement proceeding with respect to any Loan Party thereafter including, without limitation, proceedings under the CCAA or the BIA;
 - 4. provide that except as may be expressly consented to by the Lender, at no time on or after the pronouncement of the SARIO shall all or part of a Loan Party's property be the subject of a court ordered security or charge in favour of any party where such security or charge is purported to rank in any manner whatsoever in priority to or *pari passu* with any claim of the Lender in respect of the Liens under the Security Documents, other than the Administration Charge, and the Interim Lender's Charge and the Directors' Charge; and
 - 5. include the Pre-filing Payments Order;
 - (e) the Lender shall have received all other documentation reasonably required by the Lender and its counsel in connection with this Agreement (including, without limitation, such further assurances, resolutions, opinions and additional confirmations or other agreements relating to the Lender's Liens), all duly authorized, executed and delivered in form and substance satisfactory to the Lender acting reasonably; and

- (f) other than the Existing Events of Default, no event shall have occurred and be continuing, or will result from the consummation of the transactions contemplated by this Agreement that would constitute a Default or an Event of Default.

The conditions noted herein at Section 9.1 are for the sole benefit of the Lender and may be waived only by the Lender in writing. If these conditions are not complied with to the satisfaction of the Lender as provided for above, and the Lender will not waive satisfaction thereof at its sole discretion, then the Lender shall have no obligation to grant the forbearance and other accommodations contemplated herein.

ARTICLE X – MISCELLANEOUS

- 10.1 The term "hereof", "herein" and similar terms as used in the Credit Agreement, and references in the other Loan Documents to the "Credit Agreement", shall mean and refer to, from and after the Effective Date, the Credit Agreement as amended by this Agreement.
- 10.2 This Agreement supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.
- 10.3 This Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein as to interpretation, enforcement, validity, construction, effect, and in all other respects.
- 10.4 This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, but all of which counterparts together should constitute but one agreement. Counterparts may be executed by electronic means (including PDF attached to an email) and when so executed shall be deemed for all purposes to be an original.
- 10.5 This Agreement shall be binding upon each of the Loan Parties and their respective successors and permitted assigns and shall enure to the benefit of Lender and its successors and assigns.
- 10.6 In the event any provision of this Agreement is for any reason held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- 10.7 Each of the Loan Parties shall, from time to time, at the request of Lender, promptly execute and deliver all such further documents and agreements and take such further action necessary to give effect to the provisions and intent of this Agreement.
- 10.8 This Agreement will not discharge or constitute a novation of any debt, obligation, covenant or agreement contained in the Credit Agreement or any of the other Loan Documents, but shall remain in full force and effect, as amended by the provisions of this Agreement.
- 10.9 Notices: Any communication or notice must be in writing and delivered in accordance with the Credit Agreement.

[SIGNATURE PAGES FOLLOW]

DATED as of the date first stated above.

**GOOD NATURED PRODUCTS INC., as
Borrower**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS (CAD)
INC., as a Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS (US) INC.,
as a Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED REAL ESTATE
HOLDINGS (ONTARIO) INC., as a
Guarantor**

By: _____
Name _____
Title _____

1306187 B.C. LTD., as a Guarantor

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
(ILLINOIS), LLC, as a Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS REAL
ESTATE U.S., LLC, as a Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS (TEXAS)
LLC, as a Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
PACKAGING CANADA LP, by its general
partner, GOOD NATURED PRODUCTS
PACKAGING CANADA GP INC., as a
Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
PACKAGING CANADA GP INC., as a
Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
PACKAGING BRAMPTON LP, by its
general partner, GOOD NATURED
PACKAGING BRAMPTON GP INC., as a
Guarantor**

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
PACKAGING BRAMPTON GP INC., as a**

Guarantor

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
INDUSTRIAL CANADA LP**, by its general
partner, **GOOD NATURED PRODUCTS
INDUSTRIAL CANADA GP INC.**, as a
Guarantor

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
INDUSTRIAL CANADA GP INC.**, as a
Guarantor

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS DIRECT
LLC**, as a Guarantor

By: _____
Name _____
Title _____

**GOOD NATURED PRODUCTS
PACKAGING US LLC**, as a Guarantor

By: _____
Name _____
Title _____

LENDER:

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA,
as Lender**

Per: _____

Name:

Title:

SCHEDULE 1 – APPROVED CASH FLOW

Attached

This is Exhibit "C" referred to in the
Affidavit #2 of Paul Antoniadis affirmed before
me at Vancouver, BC,
this 10th day of July 2024

A handwritten signature in blue ink, appearing to be 'Chris' followed by a stylized 'JF' or similar monogram.

A Commissioner/Notary Public for the Province
of British Columbia

SALES AND INVESTMENT SOLICITATION PROCESS GOOD NATURED PRODUCTS INC. AND AFFILIATES

1. On June 28, 2024, Good Natured Products Inc. (“**Good Natured**”) and its subsidiaries (collectively, the “**Petitioners**”) sought and were granted an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) from the Supreme Court of British Columbia (the “**CCAA Court**”). The Petitioners’ proceedings under the CCAA are referred to herein as the “**CCAA Proceedings**”.
2. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor of the Petitioners in the CCAA Proceedings (in such capacity, the “**Monitor**”).
3. Pursuant to proceedings commenced in the United States Bankruptcy Court for the Northern District of Illinois (the “**US Bankruptcy Court**”, and together with the CCAA Court, the “**Insolvency Courts**”) under chapter 15, Title 11 of the United States Code (the “**Chapter 15 Proceedings**”, and together with the CCAA Proceedings, the “**Insolvency Proceedings**”), Good Natured obtained, among other things, recognition of the CCAA Proceedings.
4. Wells Fargo Capital Finance Corporation Canada (the “**Lender**”) has agreed to provide certain interim financing to the Petitioners during the Insolvency Proceedings, as approved or to be approved by the Insolvency Courts.
5. Pursuant to the Order of the CCAA Court dated July 11, 2024 (the “**SISP Order**”), the CCAA 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.
6. Pursuant to the SISP Order, Capital West Partners was appointed to act as Sales Agent in accordance with the SISP Order and the SISP.

SISP OVERVIEW

7. The purpose of the SISP is to solicit interest in one or more or any combination of (1) a restructuring, recapitalization or other form of reorganization of the business and affairs of one or more of the Petitioners as a going concern, or (2) a sale of all, substantially all or one or more components of the Petitioners’ assets (the “**Property**”) and/or business operations of the Petitioners (the “**Business**”) as a going concern or otherwise.
8. 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 Petitioners, the Property and the Business, how bids involving the Petitioners, the Property or the Business will be submitted to and dealt with by the Petitioners, the Monitor, the Sales Agent and the Lender and how Court approval will be obtained in respect of any Transaction (as defined below).

9. As described below, the various deadlines herein may be extended by and at the discretion of the Monitor and the Petitioners, subject to approval by the Lender, in its sole discretion. The Monitor will consider extending the various deadlines herein in the event that the Monitor determines that such an extension will generally benefit the Petitioners' creditors and other stakeholders.

"AS IS, WHERE IS" BASIS

10. Any transaction involving the Petitioners, 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 Petitioners, 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 SISP PROCESS

A. Initial Solicitation of Interest

11. 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.
12. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later than ●, the Sales Agent will cause a notice regarding this SISP, in a form satisfactory to and previously approved by the Petitioners and the Monitor, to be published in (a) the Globe and Mail (National Edition), (b) the Wall Street Journal or other national daily publication acceptable to the Petitioners and the Monitor, and (c) any other publication in which the Sales Agent determines notice of this SISP should be published.
13. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later than ●, in consultation with the Petitioners and the Monitor, the Sales Agent will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have an interest in a Transaction. Such list will include both strategic and/or financial parties who may be interested in acquiring an interest in the Petitioners and/or their assets pursuant to an asset purchase transaction (an "**Asset Bid**"), a restructuring of the debt, share or capital structure of the Petitioners (a "**Restructuring Bid**") or some combination of an Asset Bid and a Restructuring Bid (such combination bid, a "**Hybrid 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, Restructuring Bid or Hybrid Bid (each, a "**SISP Bid**").
14. By no later than July 18, 2024, the Sales Agent shall distribute to the Known Potential Bidders, 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 become known to the Sales Agent after the initial distribution of such documents.

15. Any Person who (a) executes a Confidentiality Agreement in form and substance satisfactory to the Petitioners, the Sales Agent and the Monitor, and (b) whom the Sales Agent is satisfied has the financial capabilities and technical expertise to make a viable SISP Bid, shall be deemed to be a potential bidder (each, a **"Potential Bidder"**).

B. Due Diligence

16. The Sales Agent will prepare a confidential information memorandum ("**CIM**") by no later than ●, describing the opportunity to make a SISP Bid. The Sales Agent 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.
17. 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 ● (the "**Data Room**"), that the Sales Agent determines to be necessary for the Potential Bidder to evaluate a transaction involving a SISP Bid.

C. LOI Process

18. 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. PST on August 22, 2024, or such other date or time as the Monitor and the Petitioners may determine with the consent of the Lender, acting reasonably (the "**LOI Deadline**").
19. Following the LOI Deadline, all LOIs shall be reviewed by the Petitioners, in consultation with the Monitor, the Sales Agent and the Lender.
20. 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 direct and indirect owners of the Potential Bidder and their principals;
 - (c) an indication of whether the Potential Bidder wishes to tender (i) an Asset Bid; (ii) a Restructuring Bid; or (iii) a Hybrid Bid;
 - (d) in the case of an Asset Bid, it identifies:
 - (i) the purchase price range (including liabilities to be assumed by the Potential Bidder and any credit bid) including indicative value allocated to the Real Property;

- (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 Petitioners;
 - (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;
 - (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 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 Petitioners;
 - (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 Petitioners 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;

(f) in the case of a Hybrid Bid, all of the information contained in subparagraphs (d) through (e) above, as applicable;

(g) such other information as may be requested by the Monitor or the Sales Agent; and

provided however, that any Qualified LOI must be in form and substance satisfactory to the Monitor.

21. Any Potential Bidder who submits a Qualified LOI on or before the LOI Deadline shall be designated a “**Qualified Bidder**”.
22. The Petitioners, with the approval of the Monitor and in consultation with the Lender, 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.
23. 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 Petitioners and the Monitor, the Petitioners may, with the approval of the Monitor and the Sales Agent and with the consent of the Lender, terminate the SISP. If no Qualified LOIs are received by the LOI Deadline, the Petitioners may, in consultation with the Monitor and the Lender, consider other forms of bids for the Property and the Business. At any time during the SISP, the Petitioners may, with the approval of the Monitor and the Lender, determine that any bid is a Winning Bid and seek Approval Orders (as defined below) in respect of such Winning Bid(s) from the Insolvency Courts.

D. Final Bid Process

24. By no later than August 26, 2024, 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 Petitioners’ premises, as determined by the Sales Agent.
25. Any Qualified Bidder may submit an Asset Bid, a Restructuring Bid or a Hybrid Bid (each a “**Final Bid**”) to the Monitor at the address specified in Schedule “A” hereto on or before 5:00 pm PST on September 12, 2024, or such later time and date that the Petitioners may determine, with the approval of the Monitor and the consent of the Lender, acting reasonably (the “**Final Bid Deadline**”).
26. Final Bids shall be reviewed by the Monitor, the Sales Agent, the Petitioners and the Lender.

27. A Final Bid submitted as an Asset Bid shall be a “**Qualified Asset Bid**” in the event that:
- (a) it complies with the criteria required for a Qualified LOI;
 - (b) provides an allocation of value for the Real Property;
 - (c) it includes a letter stating that the Asset Bid is irrevocable until the earlier of (i) the approval by the Insolvency Courts, 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 Winning Bid or the Backup Bid, as the case may be;
 - (d) it includes a duly authorized and executed purchase and sale agreement specifying all 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;
 - (e) it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
 - (f) 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 Asset Bid;
 - (g) 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 acknowledgement and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Asset Bid;
 - (h) it is not conditional upon any governmental or regulatory approval;
 - (i) it fully discloses the identify 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;
 - (j) 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;
 - (k) it contains other information requested by the Sales Agent, the Petitioners or the Monitor; and
 - (l) it is received by no later than the Final Bid Deadline.

28. 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 Petitioners 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 Insolvency Courts, 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 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 on 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 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; and
 - (i) it is received by no later than the Final Bid Deadline.
29. A Hybrid Bid submitted by the Final Bid Deadline will be considered a “**Qualified Hybrid Bid**” if it is in substantial compliance with the portions of paragraphs 27 and 28 of this SISP, as determined by the Monitor.

30. All Qualified Asset Bids, Qualified Restructuring Bids and Qualified Hybrid Bids shall constitute “**Qualified Final Bids**”. The Petitioners, with the approval of the Monitor, 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, notwithstanding any non-compliance with the terms and conditions of this SISP.

E. Selection of Winning Bid

31. The Petitioners shall review all Qualified Final Bids in consultation with the Monitor, the Sales Agent and the Lender. Subject to the approval of the Monitor and the Lender, the Petitioners 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).
32. In the event that the Petitioners enter into one or more Final Agreements on or before September 19, 2024, or such later time that the Monitor may determine (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 Petitioners with the consent of the Monitor and the Lender, 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**”.
33. The Monitor or the Sales Agent 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).
34. In the event that (a) no Qualified Bidder submits or is deemed to have submitted a Qualified Final Bid, (b) the Petitioners, with the approval of the Monitor and the Lender, determines that none of the Qualified Final Bids should be accepted, or (c) that a Final Agreement has not been entered into before the Final Agreement Deadline, this SISP shall terminate.
35. The highest Qualified Final Bid may not necessarily be accepted by the Petitioners. The Petitioners, with the approval of the Monitor and the Lender, reserve the right to not accept any Qualified Final Bid or to otherwise terminate the SISP. The Petitioners, with the approval of the Monitor and the Lender, further reserve 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 Petitioners or the Business, to accept multiple Qualified Final Bids and enter into multiple Final Agreements.

APPROVAL ORDERS

36. In the event that the Petitioners enter into a Final Agreement, the Petitioners shall apply for an order (the “**Approval Order**”) from the Insolvency Courts on or before Thursday, September 26, 2024, 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.

37. The Petitioners 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.
38. An Approval Order shall become a **“Final Order”** upon satisfaction of the following conditions: (i) it is in full force and effect; (ii) it has not been reversed, modified or vacated and is not subject to any stay; and (iii) all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving the Approval Order wholly operable.

CLOSING

39. Closing of the transactions contemplated in any Final Agreement shall occur by the later of October 11, 2024, and ten (10) days of the date upon which the Approval Orders have become Final Orders] and in any event no later than October 25, 2024, or as may be extended with the Approval of the Monitor and the Lender.

DEPOSITS

40. All Deposits paid pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Winning 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 Petitioners elect 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.
41. In the event that either of the Successful Bidder or the Backup Bidder default in the payment of performance of any obligations owed to the Petitioners, the Monitor or the Sales Agent pursuant to any Final Agreement, the Deposit paid by the Winning Bidder or the Backup Bidder, as applicable, shall be forfeited to such party as liquidated damages and not as a penalty.

INFORMATION AND CONFIDENTIALITY

42. None of directors and officers (collectively, **“Connected Persons”**) are entitled to any SISP-related information or to be consulted in relation to the SISP until such time as any such party confirms in writing to the Monitor that they and their Connected Persons will not be a bidder, or participate in any bid, in respect of the Debtors, Property or the Business (the **“Non-Bid Notice”**) by July 18, 2024. For greater clarity, the Connected Persons shall not be entitled to be a bidder, or participate in any bid, in respect of the Debtors, Property or the Business after the submission of a Non-Bid Notice.
43. The Sales Agent shall keep confidential all information concerning Potential Bidders, LOIs, Qualified Bidders, Final Bids, the Successful Bidder, the Winning Bid, the Backup Bidder, the Backup Bid, and the Final Agreement.

GENERAL

44. Subject to the approval of the Monitor and the Lender, the Petitioners may at any time prior to the Final Bid Deadline apply to the Insolvency Courts for approval to accept a “stalking horse” bid in the SISP.

SCHEDULE "A"

Addresses for Deliveries

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

ALVAREZ & MARSAL CANADA INC.
Cathedral Place Building
925 West Georgia Street, Suite 902
Vancouver, BC V6C 3L2

Attention: Anthony Tillman / Pinky Law
Email: atillman@alvarezandmarsal.com / pinky.law@alvarezandmarsal.com

with copy to:

MCCARTHY TETRAULT LLP
745 Thurlow Street, Suite 2400
Vancouver, BC V6E 0C5

Attention: Lance Williams / Ashley Bowron
Email: lwilliams@mccarthy.ca / abowron@mccarthy.ca

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

●

Attention: ●
Email: ●

Deliveries pursuant to this SISP by email or by facsimile 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.