

COURT FILE NUMBER Q.B. No. 1884 of 2019

COURT COURT OF QUEEN'S BENCH FOR SASAKATCHEWAN

JUDICIAL CENTRE SASKATOON

PROCEEDINGS IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c.C-36, AS AMENDED (the "CCA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 101098672 SASKATCHEWAN LTD., MORRIS INDUSTRIES LTD., MORRIS SALES and SERVICE LTD., CONTOUR REALTY INC., and MORRIS INDUSTRIES (USA) INC.

DOCUMENT **TWELFTH REPORT OF THE MONITOR**

December 11, 2020

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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INTRODUCTION

1. On January 8, 2020 (the “**Filing Date**”), upon the application of counsel for 101098672 Saskatchewan Ltd. (“**672**”), Morris Industries Ltd. (“**MIL**”), Morris Sales and Service Ltd. (“**MSS**”), Contour Realty Inc. (“**CRI**” or “**Contour**”) and Morris Industries (USA) Inc. (“**MUSA**”) (collectively, the “**Morris Group**”, the “**Applicants**”, the “**Company**” or the “**Companies**”), the Court of Queen’s Bench for Saskatchewan (the “**Court**”) made an order (the “**Initial Order**”) granting a stay of proceedings in respect of the Companies until January 16, 2020 pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced under the CCAA by the Applicants are referred to herein as the “**CCAA Proceedings**”.
2. The Initial Order provided limited relief to the Applicants including (without limitation) an initial stay of proceedings (the “**Stay**”) in favour of the Applicants and their assets through to January 16, 2020, an administrative charge (the “**Administrative Charge**”) and a directors’ charge (“**Directors Charge**”).
3. The Court appointed Alvarez & Marsal Canada Inc. as monitor (the “**Monitor**” or “**A&M**”) in the CCAA Proceedings.
4. On January 16, 2020, the Court granted an Amended and Restated Initial Order (the “**ARI Order**”) providing an extension of the Stay through to (and including) March 27, 2020 (the “**Second Stay Extension**”), a claims process order (the “**Claims Procedure Order**”), a sales and investment solicitation process order (the “**SISP Order**”) and an interim lender’s charge (the “**DIP Charge**”).
5. On February 16, 2020, as a result of the resignation or pending resignation of all of the directors of the Companies, the Court granted an order expanding the Monitor’s powers (the “**EMP Order**”), in order to (among other things), authorize and empower the Monitor to perform various activities on behalf of the Company, including entering into any contracts, collecting receipts and approving all disbursements on behalf of the Company.

Since the EMP Order, further Orders have been granted by this Honourable Court to, among other things, approve an auction; approve the activities and fees of the Monitor and its legal counsel for services rendered; increase the interim financing borrowings; amend the SISP; and extend the Stay.

6. As discussed in the Eleventh Report of the Monitor (the “**Eleventh Report**”), on November 26, 2020, this Honourable Court granted an order extending the Stay to December 18, 2020, primarily to allow the Company, by and through the Monitor, to satisfy the conditions to closing of the two executed asset purchase agreements (the “**APA’s**”), which APA’s were provided to the Court in the Confidential Appendix to the Seventh Report of the Monitor dated June 30, 2020 (the “**Seventh Report**”). As discussed below in greater detail, the APA’s have been updated and replaced by a single consolidated Revised Asset Purchase Agreement dated effective as of December 3, 2020 (the “**Revised APA**”).
7. Further information regarding the CCAA Proceedings, including copies of the Initial Order, the Amended and Restated Initial Order, and other orders, application materials and reports of the Monitor are available on the Monitor’s website at: www.alvarezandmarsal.com/morris (the “**Case Website**”).

PURPOSE

8. The purpose of this twelfth report (the “**Report**” or “**Twelfth Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) an update on the activities of the Monitor since the Eleventh Report;
 - b) a brief update on the Morris Group’s business and financial affairs;
 - c) information on the revised and updated Letter of Understanding dated November 30, 2020 (the “**LOU**” or the “**Letter of Understanding**”) between MIL and CRI (by and through the Monitor) and the Retail, Wholesale and Department Store Union, Local 955 (the “**Union**”);

- d) the Monitor’s application for a Sale Approval and Vesting Order (a “**SAVO**”) in regard to the transaction contemplated in the Revised APA;
 - e) a comparison of the Morris Group’s actual cash receipts and disbursements to the cash flow forecast appended to the Eleventh Report of the Monitor (the “**Tenth Cash Flow Forecast**”) for the period November 16, 2020 to December 6, 2020;
 - f) the Applicants’ updated cash flow forecast from December 7, 2020 through to February 12, 2021;
 - g) the request for approval of the Monitor’s activities and the professional fees and costs of the Monitor and its legal counsel; and
 - h) the request for a further extension of the Stay of Proceedings to January 31, 2021.
9. Capitalized words or terms not defined in this Report are as defined in the Initial Order, the Amended and Restated Initial Order, other orders granted by this Honourable Court and the prior reports (the “**Prior Reports**”) of the Monitor, as the case may be.
10. All references in this Report to dollars are in Canadian currency.

TERMS OF REFERENCE AND DISCLAIMER

11. In preparing this Report, A&M, in its capacity as Monitor, has been provided with and necessarily relied upon unaudited financial and other information supplied (the “**Information**”), and representations made to it, by certain senior management of the Morris Group (“**Management**”), the Applicants and certain external advisors or consultants of the Company. Except as otherwise described in this Report in respect of the Morris Group’s cash flow forecast:

- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CASs”) pursuant to the Chartered Professional Accountants Canada Handbook (the “CPA Handbook”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
 - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
12. Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management, the Applicants or otherwise provided by the Companies. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.
13. Future oriented financial information referred to in this Report was prepared based on estimates and assumptions provided by senior management and employees of the Morris Group. Unless expressly stated, forecasts and projections included in this Report do not reflect the potential financial impact of COVID-19 on the Company’s operations. Although the Company has taken various measures to increase safety and to mitigate costs, it is impossible to quantify with certainty the true impact of COVID-19 on the Company’s future business operations. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results may vary from the

projections, even if the assumptions materialize, and the variations could be significant.

ACTIVITIES OF THE MONITOR

14. Since the Eleventh Report, the Monitor's activities have included (but not been limited to) the following:
- a) conducting ongoing discussions, meetings and communications with Management, employees and advisors of the Companies regarding the Companies' business and financial affairs;
 - b) continuing ongoing communications with the Company's stakeholders, customers and secured creditors and their respective legal counsel, including the continuing involvement of the Monitor's independent legal counsel, MLT Aikins LLP ("**MLTA**");
 - c) continuing to assist the Company in collection efforts during the Reporting Period (as defined below), and providing to the Companies' various dealers;
 - d) monitoring the Company's response to COVID-19 and other operational matters of the Company during the proceedings;
 - e) performing a detailed review of ongoing production and procurement activities at each of the production facilities mainly in respect of firm orders and forecast orders from the Company's major customer located in Australia (the "**Australian Dealer**") and planning for forecast whole goods and parts orders in the North American market;
 - f) reviewing month-end reporting of inventory and accounts receivable balances to the primary secured creditor and interim financing lender, Bank of Montreal ("**BMO**");

- g) ongoing review of purchase requisitions and other funding requests pursuant to the requirements under the Interim Financing Facility; including numerous discussions with Superior Farms Solutions Limited Partnership (defined further in this Report) in respect of orders from the Australian Dealer;
- h) assisting the Company in applying for and receiving wage subsidies available under the Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”) programs;
- i) concluding negotiations of the Revised APA with SuperiorFarms Solutions Limited Partnership, or its nominee (“SFLP”), with comments and involvement from BMO and FCC (as further described below). On December 3, 2020, the Revised APA was executed by the Company and the Proposed Purchaser, 102114983 Saskatchewan Ltd.;
- j) receiving and assessing various commercial realty brokerage proposals for the potential future sale of the Yorkton and Virden real property and communicating with BMO and FCC on the same;
- k) continuing discussions, due diligence assistance, operational planning and negotiations with SFLP in respect of transitional planning for a significant Australian Dealer order for 2020/2021, and satisfying the Revised APA conditions and other pre-closing activities, as further described below; and
- l) holding ongoing discussions with BMO and FCC related to the Revised APA and the CCAA Proceedings.

OPERATIONAL UPDATE SINCE THE ELEVENTH REPORT

15. Operational activities since the Eleventh Report have included the following:

- a) The Companies continued to sell manufactured whole goods and parts inventory to dealers in the ordinary course of business and continued

to actively pursue the collection of accounts receivable. To date, the Companies have produced and shipped approximately \$6.2 million in inventory to the Australian Dealer in accordance with the terms of the Australian Sales Agreement. Of the \$6.2 million, the Companies have been able to collect approximately \$1.9 million from SFLP and RW Roads from the Australian Sales Agreement. The remaining collections are reflected in the Reporting Period.

- b) As at November 30, 2020, the Companies have approximately \$5.7 million in outstanding and uncollected accounts receivables, which is broken down as follows:
 - i. Approximately \$1.0 million in accounts receivable from various dealers across Canada, the U.S.A. and Eastern Europe (excluding Australia);
 - ii. Approximately \$1.9 million in accounts receivable directly from the Australian Dealer. Of this outstanding balance, the Company expects to collect approximately \$480,000 in December, \$485,000 in January and an additional \$80,000 in February. The remaining \$855,000 is expected to be collected between March of 2021 and June 2021 pursuant to payment terms with the Australian Dealer; and
 - iii. Approximately \$2.8 million in accounts receivable from SFLP and RW Roads with respect to the Australian Sales Agreement; and
- c) Pursuant to the Australian Sales Agreement, the Company is forecasting to produce and ship an additional \$3.8 million in inventory to the Australian Dealer by December 31, 2020, which will increase the Company's outstanding accounts receivable from SFLP and RW Roads, accordingly.

16. The combination of timing of orders being placed for the Australian Dealer and the collection of the accounts receivable owed by the Australian Dealer directly and SFLP/RW Roads directly to the Companies, has had a significant strain on the Companies' working capital. As further discussed below, this situation will require MIL urgently to collect upon its accounts receivable in accordance with the Australian Sales Agreement with SFLP or have the ability to draw on additional interim financing borrowings from BMO. As further discussed below, the Company intends to enter into an arrangement with SFLP, whereby SFLP will order critical raw materials for the Company in order to allow the Company to meet its significant production needs over the next few weeks. The Company's projected cash flow forecast over the next two months is set out below.
17. The Company, by and through the Monitor, continued to host multiple communications with BMO and FCC with respect to the CCAA Proceedings and the status of the Revised APA executed on December 3, 2020. The Company continued to report to BMO, as the DIP Lender, in accordance with the DIP Facility agreement and the Monitor assisted the Company in the preparation of the cash flow and variance reporting to BMO.

UPDATE ON THE REVISED APA

Overview

18. As reported in the Eleventh Report, the Monitor and SFLP have worked with BMO and FCC to obtain these secured creditors' support for and approval of a Revised Asset Purchase Agreement (and associated financing conditions) to provide for the sale of substantially all of the assets of the Morris Group to SFLP and/or its nominee (the "**Transaction**").
19. On December 3, 2020, the Monitor, acting on behalf of the Companies, executed an APA (the "**Revised APA**") with a nominee of SFLP known as 102114983 Saskatchewan Ltd. (to be renamed "Morris Equipment Ltd.") (the "**Purchaser**"). Representatives of SFLP and RW Roads Solutions Limited Partnership ("**RW Roads**"), the parties involved in the two APA's previously negotiated with the

Monitor as discussed in the Prior Reports, consolidated the two APAs into the a single APA (the “**Revised APA**”). The primary terms, conditions and overall purchase price in the Revised APA are not materially different from those contained in the two previous APA’s entered into by the Company with RW Roads and SFLP. Both BMO and FCC have expressed their support for the Revised APA and the financing required to close the transaction contemplated therein (the “**Transaction**”). A redacted copy of the Revised APA has been included in Appendix A to this Report.

20. The Revised APA contemplates the acquisition of substantially all of the inventory and fixed assets (property and equipment) of the Morris Group (the “**Purchased Assets**”), save and except for the Companies’ real property located in Yorkton, SK, vacant land in Virden, MB and certain accounts receivable. The Revised APA also includes the assumption by the Purchaser of certain pre-filing capital leases and a portion of the real property mortgage facility held by BMO and FCC as against the real property assets of Contour.
21. The contemplated closing date of the Transaction is December 31, 2020 (the “**Closing Date**”). If the Transaction is not completed by the Closing Date, either the Purchaser, on the one hand, or the Company, on the other hand, may terminate the Revised APA, provided that any party seeking to terminate is not itself in breach of its obligations under the Revised APA.
22. The Revised APA is unconditional, save for the following standard conditions:
 - a) Court approval of the Revised APA and the proposed Sale Approval and Vesting Order (the “**SAVO**”);
 - b) compliance with other covenants under the APAs in all material respects; and
 - c) that there shall have been no Material Adverse Effects on the Company or the Purchased Assets.
23. The Revised APA is considered by the Monitor to be the best and highest offer received as a result of the extensive, broad-based marketing process conducted by

- the Company as reported in the Fourth Report. The Revised APA will provide the highest and best recovery for the creditors and stakeholders of the Companies.
24. Due to the confidential nature of the information provided in the Revised APA, the Receiver is concerned that, if information regarding the Revised APA is disclosed publicly prior to the closing of the Transaction, such disclosure could materially jeopardize the sale. Alternatively, if the Transaction does not close (for any reason), disclosure could materially jeopardize subsequent efforts by the Monitor to re-market these assets.
25. In addition, the Monitor has prepared the Letter of Understanding and a COVID Hardship Fund Memo describing certain amounts to be paid to the Subject Employees pursuant to the Letter of Understanding. These items contain sensitive information identifying the financial data of certain of the Subject Employees and proposed payments to be made pursuant to the Letter of Understanding. For these reasons, the Monitor respectfully suggests that public disclosure of these documents is inappropriate.
26. As a result, the Monitor respectfully recommend that it is appropriate for this Honourable Court to seal the following confidential appendices to the Twelfth Report:
- a) the Monitor's analysis on the Revised APA (Confidential Appendix 1);
 - b) the unredacted Revised APA (Confidential Appendix 2);
 - c) November 30, 2020 Letter of Understanding Between Morris Industries Ltd. (by the Monitor), Contour Realty Inc. (by the Monitor) and Retail, Wholesale and Department Store Union, Local 955 (Confidential Appendix 3); and
 - d) COVID Hardship Fund Memo (Confidential Appendix 4).

The Monitor's Consideration of the Revised APA

27. The Monitor considered a number of factors when reviewing the Revised APA in the context of these CCAA Proceedings and the extensive efforts over the past year to maximize the value of the assets of the Companies.

28. For the following reasons, the Monitor has concluded that approval of the Revised APA is in the best interest of all stakeholders:
- a) the Monitor was authorized to market and sell the assets of the Companies pursuant to the SISP Order granted by this Honourable Court dated January 16, 2020;
 - b) no acceptable offers were derived from the SISP, as reported in the Fifth Report;
 - c) further negotiations with parties who had expressed interest in the SISP lead to the eventual negotiation of the Revised APA with arm's length parties with a presence in the Canadian farm machinery manufacturing sector (RW Roads and SFLP), as disclosed in the Sixth Report dated May 26, 2020 and subsequent reports of the Monitor;
 - d) the Company, by and through the Monitor, acted in good faith and with due diligence;
 - e) the Monitor conducted an extensive, broad marketing process for all of the assets of the Morris Group, as previously reported in Prior Reports. This marketing process was conducted by an experienced marketing consultant to a large number of prospective purchasers and/or investors over a reasonable timeframe, through procedures approved by this Court;
 - f) the Transaction is expected to provide a superior overall economic outcome for the creditors and stakeholders of the Morris Group than could be achieved through a sale, liquidation or orderly wind down under a bankruptcy;
 - g) the pending closure of the Yorkton Plant associated with the Transaction will result in the loss of employment of approximately twenty (20) active employees and an additional fifty (50) inactive or laid off employees, resulting in a loss of employment for a total of approximately seventy (70) employees (the "**Subject Employees**").

Notwithstanding that unfortunate outcome, the Transaction should preserve approximately a significant number full-time jobs located across Saskatchewan (head office) and Manitoba (Minnedosa plant), as well as enable additional job growth in the coming years as the Morris product line returns to normal (pre- CCAA) operating levels;

- h) the Transaction will maintain existing relationships between the Companies and its suppliers, landlords and retail equipment dealers;
- i) BMO and FCC support the Revised APA;
- j) the Revised APA was negotiated between parties at arm's length in good faith and is commercially reasonable under the circumstances; and
- k) the Monitor has determined that the Revised APA represents the highest and best offer received for the assets of the Morris Group;
- l) the Revised APA is supported by an acceptable deposit from an established purchaser with a significant existing presence in the industry and presents relatively low closing risk in the circumstances.

29. As a result, the Monitor has concluded that Revised APA is the highest and best offer for the assets of the Companies. The Monitor has further determined that the Transaction is in the best interest of the Companies' stakeholders. The Monitor considers the closing risk associated with the Revised APA to be minimal. Should this Honourable Court grant the SAVO to approve the Revised APA and the Transaction, the Monitor and the Purchaser have agreed to target a closing date (the "**Closing Date**") of December 31, 2020 (or shortly thereafter as may be agreed by both parties).

The Proposed Sale Approval and Vesting Order

30. If granted by this Honourable Court, the SAVO will approve the Revised APA and the Transaction. In addition, if approved by the Court, the SAVO will authorize and direct the Monitor to complete a number of additional steps required to implement the Transaction. These steps, which are to take place commencing at the

closing time (“**Closing Time**”) in the sequence set forth in the SAVO, principally comprise:

- a) Hearing of application for the SAVO before this Honourable Court on December 18, 2020;
- b) Application by BMO for “lift stay” Order on December 18, 2020 to allow BMO to proceed with subsequent Application For Bankruptcy Order against the Companies at a later date;
- c) Closing of the Transaction on a target date of December 31, 2020;
- d) payment of certain payments to the Subject Employees pursuant to the Letter of Understanding in early January of 2021 (details set out in Confidential Appendices to the Twelfth Report); and
- e) Application For Bankruptcy Order by BMO against the Companies (as further described below) on date to be determined in January of 2021.

31. If approved by this Honourable Court, the SAVO will serve to achieve the following:

- a) Approval of the Revised APA for the Purchased Assets;
- b) Approval of the Letter of Understanding and authorization and direction to Morris and Contour to enter into and perform their covenants and obligations under the Letter of Understanding;
- c) Authorization and direction to Contour to make the Advances to the Subject Employees in the manner contemplated in the Letter of Understanding (the “**Advances**”); and
- d) Authorization and direction to Contour to require the Subject Employees receiving the Advances from Contour to execute Promissory Notes in favour of Contour agreeing to repay the Advances to Contour (as more particularly described below).

UPDATE WITH RESPECT TO THE LETTER OF UNDERSTANDING

Background

32. As previously reported to this Honourable Court, MIL and Contour, by and through the Monitor, previously entered into two separate Asset Purchase Agreements dated June 30, 2020 (the “**APAs**”) with RW Roads and SFLP.
33. SFLP is a Saskatchewan short-line agricultural equipment manufacturer which produces soil preparation, tillage and forage equipment primarily sold in North America.
34. The APAs are exhibited to the Confidential Supplement to the Seventh Report of the Monitor previously filed with this Honourable Court. The subject matter of the APAs was a proposed transaction (the “**Proposed Transaction**”) whereby SFLP would purchase substantially all of the assets of MIL and Contour, save and except for the Yorkton Plant. As a result of the APA’s being consolidated into the Revised APA (as described above), the Proposed Transactions are now described as the Transaction.
35. The Transaction is the culmination of all of the efforts and resources expended by Morris Group and its stakeholders over the course of the last twelve months. If it is approved by this Honourable Court and closes as expected, the Transaction will preserve the core components of the 90-year old farm equipment manufacturing enterprise carried on by Morris Group (and its predecessors) continuously from the 1920’s until the present date. The Yorkton, Saskatchewan manufacturing plant and the Virden, Manitoba retail dealership operated by Morris Group will be closed. However, the Minnedosa, Manitoba manufacturing plant and the Saskatoon, Saskatchewan Administration Offices of the business will remain operational. It is proposed that the restructured business enterprise will operate under the business name “Morris Equipment”. The closing of the Transaction is anticipated to occur on or before December 31, 2020.
36. In order for the Transaction to proceed to closing, two key outstanding requirements must be approved by this Honourable Court in the proposed SAVO, namely:

- m) the Transaction must receive approval of this Honourable Court; and
- n) the Letter of Understanding must receive approval of this Honourable Court.

The Letter of Understanding Between the Union and Morris Group

- 37. The LOU is a cornerstone of the Transaction. The APAs contained a condition that the LOU must be implemented to the satisfaction of the Purchaser in order for the Transaction to proceed.
- 38. The subject matter of the LOU is the land and buildings described in Schedule “A” to the LOU in which MIL carries on business in Yorkton, Saskatchewan (the “**Yorkton Plant**”). The Monitor had conducted an exhaustive sale process to attract an equity investor in Morris Group or a purchaser of its assets. The Monitor has succeeded in entering into the APAs providing for the sale to the Purchaser of the assets of Morris Group (other than the Yorkton Plant). However, no party had expressed to the Monitor an intention to purchase, acquire or operate the Yorkton Plant. Accordingly, the closure of the Yorkton Plant and the termination of the employment of approximately 70 employees who work there (only 20 of whom are actively employed) is anticipated to occur shortly after closing of the Transaction.
- 39. The primary purpose of the LOU was to amend the collective bargaining agreement between MIL and the Union dated May 12, 2016 (the “**Collective Bargaining Agreement**”) so as to provide:
 - a) that a Qualified Sale of the Yorkton Plant would not create or give rise to successorship issues under *The Saskatchewan Employment Act*;
 - b) that a Qualified Sale of the Yorkton Plant would not create a “common employer” situation under *The Saskatchewan Employment Act*;
 - c) that a Qualified Sale of the Yorkton Plant would not create or give rise to an “organizational change” or “technological change” situation under *The Saskatchewan Employment Act*; and

- d) that any provision of the Collective Bargaining Agreement that prohibited or restricted contracting out of bargaining unit work or moving bargaining unit work outside of the bargaining unit was deemed to have been deleted from the Collective Bargaining Agreement.
40. Essentially, SFLP and the Purchaser required that the LOU be prepared and implemented to its satisfaction before it would proceed with the Transaction. Absent the LOU, the Collective Bargaining Agreement associated with the Yorkton Plant required a purchaser of the assets of Morris Group to take on a degree of labour relations risk for their existing business operations (even if it did not purchase the Yorkton Plant as part of any such acquisition). SFLP and the Purchaser were not prepared to take on that risk. Instead, they required that the LOU be prepared and implemented in order to reduce or eliminate that risk.
41. These amendments to the Collective Bargaining Agreement achieved by the LOU are a “lynchpin” provision of the Revised APA and a fundamental business term of the Transaction. Their importance to the Transaction on which the survival of this business enterprise is based cannot be overstated.

Pending Termination of Employees of MIL

42. BMO is the principal secured creditor of Morris Group. BMO is owed approximately \$25 million by the Morris Group in regard to secured credit facilities predating these CCAA proceedings. In addition, BMO has advanced interim financing to Morris Group within these CCAA proceedings pursuant to court-approved interim financing credit facilities providing for an additional \$8 million of interim financing (of which approximately \$6.5 million is drawn and owing to BMO as of the date of this Report).
43. BMO has served notice on those parties on the Service List in these CCAA proceedings indicating that:
- e) BMO supports the Transaction;

- f) BMO intends to apply to this Honourable Court for an Order lifting the CCAA stay of proceedings as against BMO in order to allow BMO to serve and file an Application For Bankruptcy Order against some or all of the entities comprising Morris Group (the “**BMO Application For Bankruptcy**”) (which “lift stay” application is now expected to be heard by this Honourable Court on December 18, 2020); and
 - g) BMO proposes to schedule the hearing of the BMO Application For Bankruptcy shortly after the closing of the Transaction (now expected to take place on a date to be determined in January of 2021).
44. In light of the intention of BMO to proceed with the hearing of the BMO Application For Bankruptcy (likely in early January of 2021), the bankruptcy of MIL is likely to occur shortly after the closing of the Transaction.
45. The bankruptcy of MIL will result in the termination of the employment of employees of MIL by operation of law as a result of the imminent bankruptcy.
46. For those employees of MIL who work at its Minnedosa, Manitoba manufacturing facility or its Saskatoon, Saskatchewan Administration Office, reasonable prospects exist for those terminated employees to obtain employment with SFLP.
47. Those employees of MIL who work at its Yorkton, Saskatchewan manufacturing plant (the “**Subject Employees**”) are expected to lose their jobs, because the Yorkton Plant is not being acquired by SFLP and will be shut down upon the closing of the Transaction.
48. Upon the anticipated bankruptcy of MIL in January of 2021, the Subject Employees will become entitled to earn unpaid wages, vacation, termination pay and severance pay in accordance with the *Wage Earner Protection Program Act*, SC 2005, c 47 (the “**WEPPA**”).

Provisions in the LOU in Favour of the Subject Employees

49. In order to obtain the agreement of the Union to enter into the LOU to amend the Collective Bargaining Agreement, Contour agreed to provide three things to the

Subject Employees who work at the Yorkton Plant and who will lose their jobs upon the closing of the Transaction:

- h) Contour agreed that it would ensure that the Subject Employees receive all of the accrued vacation pay and banked overtime to which they are entitled under *The Saskatchewan Employment Act*;
- i) Contour agreed that it would arrange for expedited payment to the Subject Employees of the amounts of termination pay and severance pay to which the Subject Employees are entitled under the WEPPA (the “**WEPPA Severance Amounts**”), in light of concerns expressed by the Union regarding anticipated delays in processing WEPPA claims arising from the COVID-19 global pandemic. The original version of the LOU contemplated that Contour, by the Monitor, would guarantee payment of the WEPPA Severance Amounts to the Subject Employees and would actually pay the WEPPA Severance Amounts directly to the Subject Employees in first instance. Thereafter, Contour, by the Monitor, would apply to Service Canada (the agency of the Government of Canada which administers the WEPPA) for reimbursement of such amounts to Contour on the basis that Contour was subrogated to the rights of the Subject Employees; and
- j) Contour agreed to establish a “COVID Hardship Fund” (in an amount described in the Confidential Appendices to the Twelfth Report) in favour of the Subject Employees and to make payments out of the COVID Hardship Fund in favour of the Subject Employees.

Service Canada Opposition to Treatment of Subject Employees in Letter of Understanding

50. On September 15, 2020, the Monitor filed materials (the “**Monitor’s September 15 Materials**”) with this Honourable Court in support of its application (the “**SAVO Application**”) for a SAVO in regard to the APAs. The Monitor’s September 15 Materials comprised:

- k) the Monitor’s Notice of Application dated September 15, 2020;
 - l) the Tenth Report of the Monitor dated September 15, 2020;
 - m) the Confidential Appendices to the Tenth Report of the Monitor; and
 - n) the Brief of Law on behalf of the Monitor.
51. The hearing of the SAVO Application was originally scheduled for September 18, 2020. On September 18, 2020, the hearing of the SAVO Application was adjourned to a later date, in order to allow:
- o) the Proposed Transaction to be refined and finalized to the satisfaction of SFLP, the Monitor and the principal secured creditors of Morris Group (BMO and FCC); and
 - p) the Monitor to engage in dialogue with Service Canada regarding the concerns of Service Canada pertaining to the Monitor’s proposed course of action regarding payments to the Subject Employees of the WEPPA Severance Amounts.
52. Service Canada (through counsel) has expressed to the Monitor certain concerns regarding the Monitor’s proposed course of action regarding payments to the Subject Employees of the WEPPA Severance Amounts (the “**Service Canada Concerns**”).
53. First, Service Canada has expressed the concern that the proposed course of action of the Monitor paying the WEPPA Severance Amounts directly to the Subject Employees and then seeking reimbursement of the WEPPA Severance Amounts from Service Canada would run contrary to section 37 of the WEPPA, which provides:
- 37 An amount that is payable under this Act is not capable of being assigned, charged, attached, anticipated or given as security and any transaction appearing to do so is void or, in Quebec, null.*

54. Second, Service Canada has expressed the concern that section 7 of the WEPPA and section 6(a) of *The Wage Earner Protection Program Regulations* provide that Service Canada is required to set off from the WEPPA Severance Amounts:

any amount that the individual has received after the date of the bankruptcy or the first day on which there was a receiver in relation to the former employer by virtue of his or her rights in respect of the eligible wages.

Amendment of the LOU and Response of the Monitor to Service Canada Concerns

55. In an effort to address the Service Canada Concerns, the Monitor and the Union have amended the LOU to effect a fundamental change to the legal nature of the payments and procedures to be carried out under the LOU.

56. As a result of these amendments to the LOU agreed to by the Monitor and the Union to respond to the Service Canada Concerns, the Monitor proposes to implement the additional steps described below:

q) section 12 of the LOU has been amended to modify the legal nature of the payment by Contour (by the Monitor) to the Subject Employees. Rather than this transaction comprising an unconditional payment by Contour (as guarantor) to the Subject Employees, section 12 of the LOU now contemplates that the making of this payment constitutes an unsecured loan or advance by Contour to the Subject Employees – which amount is to be repaid by the Subject Employees to Contour at a later date. In order to evidence that such a transaction is intended to (and actually does) create a *bona fide* loan by Contour to the Subject Employee, the Subject Employee will be required to sign a Promissory Note in favour of Contour evidencing the Subject Employee's obligation to repay such amount to Contour (see the Promissory Note attached as Appendix B to this Report); and

r) Contour (by the Monitor) now proposes to make the repayable advances to the Subject Employees (and to obtain the signatures of the Subject Employees on the Promissory Notes) approximately 72 hours

prior to the hearing of the BMO Application For Bankruptcy. As a result, there will be no amounts whatsoever advanced to the Subject Employees by Contour or the Monitor “after the date of bankruptcy”. The “set off” provisions in section 6(a) of *The Wage Earner Protection Program Regulations* will accordingly not be engaged.

Conclusion Regarding the LOU

57. The Monitor regrets that Service Canada has determined that its role in regard to these proceedings is best served by opposing the SAVO, the LOU and the proposed course of action of the Monitor described above.
58. However, as explained above, the proposed treatment of the Advances, the COVID Hardship Payments and the accrued vacation pay and banked overtime described above is a core provision in the LOU which amounts to the consideration received by the Union for agreeing to the LOU. The LOU, in turn, is a cornerstone of the Transaction which is necessary to be approved by this Honourable Court and implemented to the satisfaction of SFLP if the Transaction is to proceed and this venerable 90 year old business enterprise is to be preserved.

CASH FLOW RESULTS

59. The Company’s actual cash receipts and disbursements compared to the Tenth Cash Flow Forecast for the period from November 16, 2020 to December 6, 2020 (the “Reporting Period”), appended to the Eleventh Report of the Monitor are summarized below:

| MORRIS GROUP Cash Flow Variance Analysis For the period November 16 to December 6, 2020 (In CAD \$000s) | | | | |
|--|-------------------------------|--|-----------------|-----------------|
| | Jan 8, 2020 to Dec 6, 2020 | November 16, 2020 to December 6, 2020 | | |
| | Actual | Actual | Forecast | Var (\$) |
| Receipts | | | | |
| Whole goods and parts collections | \$ 8,758 | \$ 1,613 | \$ 48 | \$ 1,564 |
| Draw on EDC insured foreign receivable | 7,490 | 446 | 439 | 7 |
| Sale of excess inventory | 1,610 | - | 21 | (21) |
| CEWS receipts | 2,446 | 245 | 248 | (3) |
| Other collections | 131 | 3 | - | 3 |
| Total receipts | 20,435 | 2,307 | 756 | 1,551 |
| Disbursements | | | | |
| Production costs | 6,103 | 662 | 1,128 | 465 |
| Operating expenses | 2,094 | 129 | 96 | (33) |
| Critical Suppliers | 252 | - | - | - |
| Wind down of MSS | 63 | - | - | - |
| Insurance costs | 853 | 71 | 33 | (39) |
| Union settlement | 118 | - | - | - |
| Payroll and pension | 7,846 | 423 | 415 | (8) |
| Marketing costs | 50 | - | - | - |
| Rent and property taxes | 1,130 | 69 | 61 | (8) |
| Other operating costs | 1,090 | 89 | 120 | 31 |
| DIP interest, fees and costs | 1,084 | 56 | 60 | 4 |
| PMSI priority payments | - | - | - | - |
| Professional fees and costs | 3,780 | - | 180 | 180 |
| Total disbursements | 24,477 | 1,500 | 2,093 | 593 |
| Net cash flow from operations | (4,042) | 807 | (1,337) | 2,143 |
| DIP draws (repayments) | 4,042 | (807) | 1,337 | 2,143 |
| Net cash flow from financing | 4,042 | (807) | 1,337 | 2,143 |
| Net cash flow | \$ - | \$ - | \$ - | \$ - |
| Interim Financing (DIP Facility) | | | | |
| Maximum Available DIP | \$ 6,500 | \$ 6,500 | \$ 6,500 | |
| Opening Drawn Balance | \$ 1,243 | \$ 6,092 | \$ 6,092 | \$ - |
| Draws (Repayments) | 4,042 | (807) | 1,337 | 2,143 |
| Ending DIP Balance (Cash) | 5,285 | 5,285 | 7,428 | 2,143 |
| DIP Availability during the Period | \$ 1,215 | \$ 1,215 | \$ (928) | \$ 2,143 |
| Australian Dealer Collections | | | | |
| Opening Cash Balance | \$ - | \$ 439 | \$ 439 | \$ - |
| Collections | 7,490 | 7 | - | 7 |
| Draws | (7,490) | (446) | (439) | (7) |
| Ending Cash Balance | \$ - | \$ - | \$ - | \$ - |

60. Over the Reporting Period, the Company experienced a favourable cash flow variance of approximately \$2.1 million as a result of various permanent and temporary differences, which primarily related to:
- a) Whole goods and parts collections were \$1.6 million higher than forecast due primarily to temporary differences with respect to timing of collections from SFLP for units shipped to Australia;
 - b) Production costs were \$465,000 lower than forecast due to temporary timing differences with respect to procurement of raw materials required to satisfy orders from the Australian Dealer and begin production to meet forecast demand in Canada and the U.S.A; and
 - c) Professional fees and costs are lower than forecast due to timing differences in respect of payment for the Monitor's October 2020 professional fees and costs.

UPDATED CASH FLOW FORECAST

61. The Updated Cash Flow Forecast (the “**Eleventh Cash Flow Forecast**”) for the Forecast Period is attached as Appendix C along with accompanying notes and assumptions, and a summary of the Eleventh Cash Flow Forecast is tabled below:

| MORRIS GROUP | | | |
|---|---|---|--|
| Weekly Cash Flow Forecast | | | |
| For the Period December 7, 2020 to February 12, 2021 | | | |
| (In CAD \$000s) | | | |
| | Interim Period Dec 7/20 to Jan 31/21 | Interim Period Feb 1/21 to Feb 12/21 | Total Dec 7/20 to Feb 12/21 |
| Receipts | | | |
| Whole goods and parts collections | \$ 2,001 | \$ 5,758 | \$ 7,758 |
| Sale of excess inventory | 34 | - | 34 |
| Canada Emergency Wage and Rent Subsidy receipts | 97 | - | 97 |
| Recovery of Wage Earner Protection Program eligible amounts | - | 402 | 402 |
| Total Operating Receipts | 2,131 | 6,160 | 8,291 |
| Draws on the EDC Insured Foreign Receivable | - | - | - |
| Total Receipts | 2,131 | 6,160 | 8,291 |
| Disbursements | | | |
| Production costs | \$ 444 | \$ - | \$ 444 |
| Operating expenses | 233 | 18 | 250 |
| Insurance costs | 41 | - | 41 |
| Union settlement | 572 | - | 572 |
| Payroll and pension | 962 | 24 | 986 |
| Rent and property taxes | 84 | 7 | 91 |
| Other operating costs | 197 | - | 197 |
| DIP interest, fees and costs | 121 | - | 121 |
| PMSI priority payments | - | 254 | 254 |
| Professional fees and costs | 583 | 334 | 916 |
| Total Operating Disbursements | 3,236 | 637 | 3,873 |
| Net Cash Flow | \$ (1,105) | \$ 5,523 | \$ 4,418 |
| EDC Insured Foreign Receivables Previously Collected | | | |
| Opening balance | \$ 7,483 | \$ 7,483 | \$ 7,483 |
| Draws on Foreign Receivable previously collected | - | - | - |
| Ending cash available | \$ - | \$ - | \$ - |
| Interim Financing Availability (Max) | | | |
| Opening balance | \$ 6,500 | \$ 6,500 | \$ 6,500 |
| DIP draws (repayments) | 5,285 | 6,390 | 5,285 |
| Ending balance | \$ 6,390 | \$ 866 | \$ 866 |
| Remaining Interim Financing Availability | \$ 110 | \$ 5,634 | \$ 5,634 |

62. By the end of the Forecast Period, it is estimated that the remaining interim financing facility balance will be approximately \$900,000 primarily based on collecting receipts from confirmed whole goods orders and existing parts sales and additional cash receipts from the CEWS program, offset by forecast production costs, operating costs and other costs of the proceedings during the Forecast Period. In addition, the Monitor anticipates collecting accounts receivable of approximately \$855,000 from the Australian Dealer generated during the CCAA Proceedings subsequent to the Forecast Period. These forecast accounts receivable collections may provide the Company with an ability to repay the entire DIP borrowings (subject to subsequent payment or allocation of costs of the CCAA Proceedings).

63. As previously discussed, the combination of timing of orders being placed for the Australian Dealer and the collection of the accounts receivable owed by the Australian Dealer and SFLP has had a significant impact on the Companies' working capital. As a result of these working capital constraints, the Company will be unable to order the raw materials required to produce whole goods and parts to meet its sales forecast for 2021. In order to satisfy its production requirements, the Company intends to enter into an agreement with SFLP whereby SFLP will order raw materials for the Company. The Company anticipates that it will need to order (through SFLP) approximately \$2.0 million of raw materials over the next month in order to meet forecast demand up to the anticipated Closing Date of the SFLP Transaction.
64. The Monitor's comments with respect to the Eleventh Cash Flow Forecast (to February 12, 2021) are as follows:
- a) Whole goods and parts collections total approximately \$7.8 million, which relates to the following:
 - i. \$6.7 million of whole goods collections under the Australian Sales Agreement with SLFP. The Company does not anticipate that there will be any uncollected accounts receivable from SFLP (in respect to Australia based whole goods shipments) by the end of the Forecast Period;
 - ii. \$1 million of whole goods and parts collections from the Australian Dealer. There will be approximately \$855,000 in uncollected accounts receivable relating to parts sales at the end of the Forecast Period; and
 - iii. \$140,000 of collections from trade accounts receivable due from various dealers across Canada, the U.S.A. and Eastern Europe (excluding Australia).

- b) Canada Emergency Wage Subsidy receipts were previously received and reported on in Prior Reports. The ninth and tenth CEWS application are anticipated to be submitted in the Forecast Period, with the corresponding subsidies expected to be received in December and January, consistent with the timelines provided by the Government of Canada;
- c) The Company submitted its first application under the Canada Emergency Rent Subsidy in November and receipts are expected in December. A second and third CERS application are expected to be submitted in the Forecast Period, with corresponding receipts collected in December and January;
- d) Disbursements include payments in the ordinary course of business within the CCAA proceedings and on normal payment terms;
- e) Professional fees and disbursements of the Monitor for the period of October 2020 to January 2021, and the Monitor's counsel for the period of November 2020 to January 2021 are paid during the Forecast Period; and;
- f) PMSI priority payments in respect of certain equipment sold through auction are forecast to be paid, subject to a review of the enforceability and validity of the security as well as appropriate cost allocations. Owing to cash flow constraints described above, the Monitor proposes to develop a plan to pay such PMSI priority payments to secured creditors in an orderly fashion over time on terms to be discussed and agreed upon with such PMSI secured creditors.

65. The Eleventh Cash Flow Forecast is based on assumptions regarding future events provided by Management. Management advises that actual results will vary from the information presented even if the Cash Flow Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to

whether the Eleventh Cash Flow Forecast will be accurate. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Twelfth Report or relied upon by the Monitor in preparing this Twelfth Report.

APPROVAL OF FEES AND EXPENSES

66. As previously reported, the Monitor sought and received approval from this Honourable Court of the professional fees of the Monitor and its legal counsel leading up to the Filing Date (January 8, 2020) and from the Filing Date to October 31, 2020.
67. The Monitor seeks further approval from this Honourable Court of the respective professional fees and disbursements of the Monitor and its legal counsel for the period of time from November 1, 2020 to November 30, 2020.
68. Professional fees and disbursements rendered by the Monitor from November 1, 2020 to November 30, 2020, total \$212,448.23 (exclusive of GST). These fees include those of the Monitor and its affiliated company, Alvarez & Marsal Canada Securities ULC, totaling \$60,718.75, with corresponding additional expenses incurred and made on behalf of the Company totalling \$41.98. The accounts will be made available upon request and are summarized in Appendix D to this Report.
69. Professional fees and disbursements rendered by MLT Aikins LLP, the Monitor's counsel, from November 1, 2020 to November 30, 2020, total \$53,561.00 (exclusive of GST and PST). The accounts will be made available upon request and are summarized in Appendix D to this Report.
70. The accounts of the Monitor and its legal counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work.
71. The Morris Group has paid the professional fees and costs of the Monitor for the period of time from January 1, 2020 through to September 30, 2020 and the Monitor's legal counsel for the period of time from January 1, 2020 through to

October 31, 2020. These payments are reflected in the actual cash flow receipts and disbursements discussed above.

72. Payment of the Monitor's professional fees and costs for the period October 1 to November 30, 2020 and the Monitor's counsel's professional fees and costs November 1, 2020 to November 30, 2020 are contemplated in the Eleventh Cash Flow Forecast.
73. The Monitor respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, given the extensive tasks required to be performed by the Monitor and its legal counsel within the CCAA Proceedings, including, in regard to: (i) negotiations of the APA's, the Revised APA and comprehensive communication with significant stakeholders involved in the CCAA Proceedings, including the Union, Service Canada, secured creditors, unsecured creditors and various dealers; and (ii) the exercise of the enhanced powers of the Monitor required to be performed pursuant to the EMP Order, which includes the Monitor providing managerial oversight over the entire operations of the Morris Group.
74. The Monitor and its legal counsel anticipate rendering invoices for their respective fees and disbursements for services rendered in December of 2020 in the coming weeks. These professional fees and disbursements are contemplated in the Eleventh Cash Flow Forecast. The Monitor will report further to this Honourable Court with respect to these fees and disbursements in due course.

EXTENSION OF THE STAY OF PROCEEDINGS

75. Pursuant to the Initial Order, the stay period is set to expire on December 18, 2020. As described in the application materials filed on December 11, 2020, the Companies are seeking an Order granting an extension of the stay period from December 18, 2020 to January 31, 2021 (the "**Ninth Stay Extension Order**").
76. The Monitor has considered various factors with respect to the Morris Group's application for a further Stay Extension Order to January 31, 2021, including:

- a) the likelihood and timing of the Company satisfying the conditions included in the Revised APA;
- b) whether or not there would be any material financial prejudice to any of the Morris Group's creditors;
- c) the fact that the Companies appear to have sufficient liquidity until satisfaction of conditions in the Revised APA;
- d) the level of support for such an extension communicated by the Morris Group's primary secured creditors;
- e) whether the Morris Group is acting in good faith and with due diligence; and
- f) whether the Morris Group's prospects of effecting a viable restructuring would be enhanced by an extension of the Stay of Proceedings.

77. The Monitor is of the view that the Morris Group is (and continues to be) acting in good faith and with due diligence and that there would not be any material prejudice to the Morris Group's stakeholders should the proposed stay extension to January 31, 2021 be granted by this Honourable Court.

78. The Monitor will continue to work with the Purchaser in order to close the Transaction contemplated in the Revised APA, subject to Court approval.

MONITOR'S RECOMMENDATION

79. The Monitor respectfully recommends that this Honourable Court grant the following:

- a) the Sale Approval and Vesting Order;
- b) the proposed Stay Extension Order from December 18, 2020 to January 31, 2021;

- c) an order approving the fees and disbursements of the Monitor and its legal counsel for the period from November 1 to November 30, 2020; and
- d) an Order approving the Monitor's actions, activities and conduct as described in this Report.

[Signature Page Follows]

All of which is respectfully submitted to this Honourable Court this 11th day of December 2020.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Monitor of 101098672 Saskatchewan Ltd.,
Morris Industries Ltd., Morris Sales and Service Ltd.,
Contour Realty Inc. and Morris Industries (USA) Inc.
and not in its personal or corporate capacity**



Per: _____
Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President



Per: _____
Chad Artem, CPA, CA, CBV
Senior Manager

Appendix A

Revised APA (redacted)

MORRIS INDUSTRIES LTD., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC.

- and -

CONTOUR REALTY INC., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC.

- and -

102114983 SASKATCHEWAN LTD.

ASSET PURCHASE AGREEMENT

DATED AS OF DECEMBER 3, 2020

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT dated as of December 3, 2020 is made by and between:

MORRIS INDUSTRIES LTD., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC.

- and -

CONTOUR REALTY INC., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC.

(collectively, the “**Vendors**”)

- and -

102114983 SASKATCHEWAN LTD. (to be renamed Morris Equipment Ltd.)

(the “**Purchaser**”)

RECITALS:

- A. Pursuant to an initial order of the Court of Queen’s Bench for Saskatchewan (the “**Court**”) granted on January 8, 2020 (as amended on January 16, 2020 and may be further amended or amended and restated from time to time, the “**Initial Order**”) in the proceedings bearing Court File Number QB No. 1884 of 2019 (the “**CCAA Proceedings**”), 101098672 Saskatchewan Ltd., Morris Industries Ltd., Morris Sales and Service Ltd., Contour Realty Inc. and Morris Industries (USA) Inc., obtained protection from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”) and Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA Proceedings (in such capacity and not in its personal or corporate capacity, the “**Monitor**”).
- B. The Vendors primarily carry on business as a farm equipment manufacturer and distribute their products through a network of dealers in Canada, the United States, Australia, and Eastern Europe (the “**Business**”), among other businesses.
- C. The Vendors desire to sell, transfer and assign to the Purchaser, and the Purchaser desires to acquire and assume from the Vendors, all of the Vendors’ right, title and interest in and to the Purchased Assets and the Assumed Liabilities, on the terms and subject to the conditions contained in this Agreement.
- D. The transactions contemplated by this Agreement supersede and replace the Asset Purchase Agreements dated June 30, 202, as amended.

- E. The transactions contemplated by this Agreement are subject to the approval of the Court and will be consummated pursuant to the Approval and Vesting Order to be entered by the Court in the CCAA Proceedings.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each Party, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions. In this Agreement:

“Action” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, Order, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at Law or in equity and by or before a Governmental Authority.

“Administration Charge” has the meaning set out in the Initial Order.

“Affiliate” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to **“control”** another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **“controlled”** shall have a similar meaning.

“Agreement” means this Asset Purchase Agreement, including the preamble and the Recitals, and all the Schedules attached hereto, as they may be amended, restated or supplemented from time to time in accordance with the terms hereof.

“Applicable Law” means, with respect to any Person, property, transaction, event or other matter: (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law, (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, in the foregoing clauses (a) and (b), **“Law”**), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“Approval and Vesting Order” means an Order of the Court issued in the CCAA Proceedings in form satisfactory to the Parties and the Monitor, each acting reasonably: (a) approving the transactions contemplated by this Agreement, and (b) vesting in the Purchaser all of the Vendors’ right, title and interest in and to the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances), in form and substance satisfactory to the Parties and the Monitor, each acting reasonably.

“Assigned Contracts” means, collectively, the Critical Contracts, the Real Property Leases, the Personal Property Leases and the other Contracts listed on Schedule “B”.

“Assignment and Assumption Agreement” means an assignment and assumption agreement, in form and substance satisfactory to the Parties, acting reasonably, evidencing the assignment to the Purchaser of the Vendors’ rights, benefits and interests in, to and under the Assigned Contracts and the assumption by the Purchaser of all of the Assumed Liabilities under or in respect of the Assigned Contracts.

“Assignment Order” means an Order of the Court issued in the CCAA Proceedings in form and substance satisfactory to the Parties and the Monitor, each acting reasonably, assigning to the Purchaser the Vendors’ right, benefit and interest in and to any of the Critical Contracts for which any necessary consent to assign has not been obtained, in form and substance satisfactory to the Parties, acting reasonably.

“Assumed Liabilities” means the following Liabilities of each of the Vendors:

- (a) all Liabilities under the Assigned Contracts and Permits and Licences (in each case to the extent such Assigned Contract or Permit and Licence is effectively assigned to the Purchaser) as set out in Schedule “B”; and
- (b) Liabilities relating to the Purchased Assets set out in Schedule “A”.

“BMO/FCC Mortgage Debt” has the meaning set out in Section 3.1(2).

“BMO/FCC Mortgage Debt Documentation” has the meaning set out in Section 3.2(4).

“Books and Records” means the books, records, files, papers, books of account and other financial Data of the Vendors which are solely Related to the Business or related to the Purchased Assets, including drawings, engineering information, manuals and Data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, marketing lists and marketing consent records, personnel, employment and other records, and all records, Data and information stored electronically, digitally or on computer-related or any other media.

“Business” has the meaning set out in Recital B.

“Business Day” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Saskatoon, Saskatchewan.

“Cash Purchase Price” has the meaning set out in Section 3.1(1).

“Casualty” has the meaning set out in Section 5.4.

“CCAA” has the meaning set out in Recital A.

“CCAA Proceedings” has the meaning set out in Recital A.

“Closing” means the completion of the purchase and sale of the Vendors’ right, title and interest in and to the Purchased Assets and the assignment and assumption of the Assumed Liabilities by the Purchaser in accordance with the provisions of this Agreement.

“Closing Cash Consideration” has the meaning set out in 3.2(2).

“Closing Date” means the date on which Closing occurs, which date shall be the Target Closing Date or such other date as may be agreed to in writing by the Parties and the Monitor.

“Closing Date Inventory Determination” has the meaning set out in Section 3.3(7).

“Closing Time” means the time of day on the Closing Date when Closing occurs.

“Conditions Certificates” has the meaning set out in Section 7.3.

“Contracts” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) Related to the Business to which any of the Vendors are a party or by which any of the Vendors or any of the Purchased Assets are bound or under which the Vendors have rights, including any Personal Property Leases and any Real Property Leases.

“Court” has the meaning set out in Recital A.

“Critical Contracts” means those Contracts that are, in the opinion of the Purchaser, acting reasonably, necessary and critical to the operation of the Business and the Purchased Assets as a going concern after the Closing Date as listed and specified as “Critical Contracts” on Schedule “B”.

“Damages” means any loss, cost, Liability, claim, interest, fine, penalty, assessment, Taxes or damages available at Law or in equity (including incidental, consequential, special, aggravated, exemplary or punitive damages unless paid to a third party), expense (including consultant’s and expert’s fees and expenses and reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation, defence or settlement) or diminution in value.

“Data” means any information or data collected or received by, processed by, or output from software (including reports, analytics, and alerts), and any other information or data Related to the Business, including information and data contained in any databases.

“Deposit Amount” has the meaning set out in Section 3.6(2) and, for greater certainty, means the Initial Deposit and/or the Second Deposit, as the context may require.

“Directors’ Charge” has the meaning set out in the Initial Order.

“Encumbrances” means all claims, Liabilities, obligations, prior claims, right of retention, liens, security interests, floating charges, mortgages, pledges, assignments, conditional sales, warrants, adverse claims, charges, hypothecs, trusts, deemed trusts (statutory or otherwise), judgments, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual rights), encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise.

“Escrow Agent” means OWZW Lawyers LLP, in its capacity as escrow agent under the Escrow Agreement.

“Escrow Agreement” means an escrow agreement, in form and substance satisfactory to the Parties, acting reasonably, pursuant to which the Escrow Agent will hold, administer and release (among other funds) the Inventory Holdback.

“ETA” means the *Excise Tax Act*, RSC 1985, c E-15 and the regulations thereunder.

“Excluded Assets” means: (a) all Receivables which are due, accrued or have become owing immediately prior to the Closing Time, trade accounts, bank accounts, book debts, insurance claims, bills, credits, rebates, deposits, prepayments, holdbacks, funds, cash and cash equivalents, marketable securities, short-term investments, Intercompany Claims, Tax credits, including without limitation, Tax Returns, Tax installments paid by or on behalf of any of the Vendors or any of their Affiliates, and all rights to receive a refund of, and/or credit in respect of Taxes paid by or on behalf of any of the Vendors or any of their Affiliates; (b) all minute books and other corporate records of any of the Vendors and any Books and Records that any of the Vendors are required by Applicable Law to retain in their possession; (c) the rights of any of the Vendors under this Agreement or any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; (d) all causes of action which arise from loss, Damage or facts occurring prior to the Closing Date and any insurance proceeds or claims payable for losses or Damages incurred prior to the Closing Date, other than insurance proceeds or rights thereto assigned to the Purchaser in accordance with Section 5.4; (e) all employee plans; (f) all shares, units, partnership interests or other ownership or equity interests of the Vendors in any Affiliate of the Vendors; (g) the Administration Charge; (h) the Directors’ Charge; and (i) any other assets, rights or property of any kind or nature whatsoever of any of the Vendors not listed in Schedule “A” as “Purchased Assets”, save and accept for those documents necessary for the operation of the business, including, but not limited to engineering reports and operations manuals.

“Final Inventory Valuation Report” has the meaning set out in Section 3.3(6).

“Final Order” means, at the relevant time or date, an Order of the Court that has not been vacated, stayed, amended, reversed or modified, as to which no appeal or application for leave to appeal therefrom has been filed, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of.

“General Conveyance” means a general conveyance and assumption of Liabilities, in form and substance satisfactory to the Parties, acting reasonably, evidencing the conveyance to the Purchaser of the Vendors’ right, title and interest in and to the Purchased Assets and the assumption by the Purchaser of the Assumed Liabilities.

“Governmental Authority” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);

- (b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;
- (c) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and
- (d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, securities commission or professional association.

“**GST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the *ETA*.

“**Hardware**” has the meaning set forth in Section 5.7.

“**Hazardous Materials**” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or animal life or harm or impair the health of any individual and includes any contaminant, waste or substance or material defined, prohibited, regulated or reportable pursuant to any Applicable Law relating to the environment, pollution or human health and safety, in each case, whether naturally occurring or manmade; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

“**ICA**” means the *Investment Canada Act*, RSC 1985, c 28 (1st Supp).

“**Independent Auditor**” has the meaning set out in Section 3.3(4).

“**Indicative Term Sheet**” means the Indicative Term Sheet dated December 3, 2020 among, *inter alios*, the Purchaser, BMO and FCC.

“**Initial Condition Date**” means December 4, 2020 or such later date as the Parties may mutually agree.

“**Initial Deposit**” has the meaning set out in Section 3.6(1).

“**Initial Order**” has the meaning set out in Recital A.

“**Intellectual Property**” means all intellectual property and industrial property, throughout the world, whether or not registerable, patentable or otherwise formally protectable, and whether or not registered, patented, otherwise formally protected or the subject of a pending application for registration, patent or any other formal protection, including all: (a) trade-marks, corporate names and business names, including the “Morris” name and brand; (b) inventions; (c) works and subject matter in which copyright, neighbouring rights or moral rights subsist; (d) industrial designs, patents; (e) know-how, trade secrets, proprietary information, confidential information and information of a

sensitive nature that have value to the Business or relate to business opportunities for the Business, in whatever form communicated, maintained or stored; (f) telephone numbers and facsimile numbers; (g) registered domain names; and (h) social media usernames and other internet identities and all account information relating thereto, all of which is more particularly set out in Schedule "E".

"Intercompany Claims" means all present and future claims of any nature or kind whatsoever of any of the Vendors against an Affiliate thereof, whether such Affiliate is a Party to this Agreement or otherwise.

"Interim Period" means the period from the date that this Agreement is entered into by the Parties to the Closing Time.

"Inventory" means all items of inventory of the Vendors relating to the Business (including, without limitation, inventory that has been pre-paid for by the Vendors, whether or not received at the premises of the Vendors) as of the Closing Date (valued at the lower of (i) cost or (ii) net realizable value, determined in accordance with Canadian generally accepted accounting principles) and includes, but is not limited to, finished products, parts held for sale, work in process and manufactured components. Raw materials and purchased component inventory will be valued at supplier cost. A nil value will be attributable to Obsolete Inventory. For greater certainty, all Receivables of the Vendors and Business and all accounts payable of the Vendors and the Business (other than those included with the Assumed Liabilities) are not included as Inventory and will not be adjusted for in the Inventory Count.

"Inventory Count" has the meaning set forth in Section 3.3(7).

"Inventory Holdback" has the meaning set forth in Section 3.3(9).

"Inventory Valuation Report" has the meaning set forth in Section 3.3(2).

"Inventory Shortfall" has the meaning set forth in Section 3.3(8).

"ITA" means the *Income Tax Act*, RSC, 1985, c. 1 (5th Supp), and the regulations thereto.

"Law" has the meaning set out in the definition of **"Applicable Law"**.

"Legal Proceeding" means any litigation, Action, application, demand, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave for appeal or review.

"Liability" means, with respect to any Person, any liability, debt, dues, guarantee, surety, indemnity obligation, or other obligation of such Person of any kind, character or description, whether legal, beneficial or equitable, known or unknown, present or future, direct, indirect, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due or accruing due, vested or unvested, executory, determined, determinable or otherwise,

and whether or not the same is required to be accrued on the financial statements of such Person.

“Material Casualty” means a Casualty in respect of all or substantially all of the Purchased Assets.

“Monitor” has the meaning set out in Recital A.

“Monitor’s Certificate” means the certificate, substantially in the form attached as Schedule “A” to the Approval and Vesting Order, to be delivered by the Monitor to the Vendors and the Purchaser on Closing and thereafter filed by the Monitor with the Court certifying that it has received, among other things, the Conditions Certificates.

“Obsolete Inventory” means Inventory that: (i) has not been purchased or sold within a year prior to the Closing date; or (ii) is not used in production of current products.

“Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Owned Real Property” means the land and premises owned by one or more of the Vendors as listed in Schedule “C”.

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

“Permits and Licences” means any and all licences, permits, approvals, authorizations, certificates, directives, Orders, variances, registrations, rights, privileges, concessions, granted, conferred or otherwise created by any Governmental Authority and held by or on behalf of any of the Vendors or other evidence of authority Related to the Business issued to, granted to, conferred upon, or otherwise created for, any of the Vendors which relate to the ownership, maintenance, operation of the Business or the Purchased Assets.

“Permitted Encumbrances” means, collectively:

- (a) Encumbrances related to Taxes and utilities arising by operation of law (statutory or otherwise) which relate to or secure Liabilities that in each case are not yet due or are not in arrears or, if due or in arrears, the validity of which is being contested;
- (b) easements, covenants, rights of way and other restrictions if registered provided that they are complied with in all material respects and do not, in the aggregate, materially adversely affect the operation of the Business or the continued use of the real property to which they relate after the Closing on substantially the same basis as the Business is currently being operated and such real property is currently being used;
- (c) registered agreements with municipalities or public utilities if they have been complied with in all material respects or adequate security has been furnished to secure compliance;

- (d) registered easements on real property for the supply of utilities or telephone services and for drainage, storm or sanitary sewers, public utilities lines, telephone lines, cable television lines or other services, provided such easements have been complied with in all material respects;
- (e) all encumbrances and instruments registered against title to the property that is the subject of the Real Property Leases; and
- (f) in respect of the Real Property Leases, the provisions of any Applicable Law, including by-laws, regulations, airport zoning regulations, ordinances and similar instruments relating to development and zoning, and any reservations, exceptions, limitations, provisos and conditions contained in the original Crown grant or patent.

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

“Personal Information” means information about an identifiable individual as defined in Privacy Law.

“Personal Property” means any and all vehicles, machinery, equipment, parts, chattels, inventory of spare parts, parts and supplies, furniture and any other tangible personal and movable property in which any of the Vendors have a beneficial right, title or interest (whether owned or leased) but not including any Excluded Assets.

“Personal Property Leases” means a personal or movable property lease, chattel lease, equipment lease, financing lease, conditional or instalment sales contract and other similar agreement relating to Personal Property to which any of the Vendors are a party or under which they have rights to use Personal Property as listed and specified as “Personal Property Leases” on Schedule “B”.

“Privacy Law” means the *Personal Information Protection and Electronic Documents Act*, SC 2000, c 5, the *Personal Information Protection Act*, SA 2003, c P-6.5 and any other Applicable Law of any other Province or territory of Canada.

“PST” means all provincial sales tax imposed under *The Retail Sales Tax Act* (Manitoba), CCSM, c R130, and *The Provincial Sales Tax Act* (Saskatchewan), RSS, c P-34.1 and in each case the regulations thereto.

“Purchase Price” has the meaning set out in Section 3.1.

“Purchased Assets” means, collectively, those assets of each of the Vendors set out in Schedule “A” (or any of them), but, for greater certainty, does not include any Excluded Assets.

“Purchaser” has the meaning set out in the preamble hereto and includes any successor or permitted assignee thereof in accordance with Section 9.17.

“Real Property Leases” means the leases in respect of real property as listed and specified as “Real Property Leases” on Schedule “B”.

“Receivables” means, in respect of a Person all cash, accounts receivable, bills receivable, trade accounts, holdbacks, retention, book debts and insurance claims due or accruing due to such Person, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

“Related to the Business” means primarily: (a) used in; (b) arising from; or (c) otherwise related to the Business or any part thereof.

“Replacement Permit and Licence” means a new permit, licence, authorization, approval or other similar item providing substantially equivalent rights to the Purchaser as the Vendors are entitled to as of the Closing Date pursuant to the applicable Permit and Licence.

“Representative” when used with respect to a Person means each director, officer, employee, consultant, subcontractor, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

“Sale Process Team” means each of the Vendors and any of their Affiliates and the Monitor.

“Second Deposit” has the meaning set out in Section 3.6(2).

“Target Closing Date” means December 31, 2020 or the first Business Day following the day on which the Approval and Vesting Order is granted or whichever date is later or such later date as the Parties may mutually agree, with the approval of the Monitor.

“Tax Returns” means all returns, reports, declarations, elections, notices, filings, information returns, statements and forms in respect of Taxes that are filed or required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

“Taxes” means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, *ad valorem* taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, government pension plan premiums and contributions, social security premiums, workers’ compensation premiums, employment/unemployment insurance or compensation premiums and contributions, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST and PST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority and any instalments in respect thereof of another taxpayer or entity, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, and whether disputed or not, and **“Tax”** means any one of such Taxes.

“Transaction Personal Information” means any Personal Information: (a) in the possession, custody or control of the Vendors at the Closing Time, including Personal Information about employees of the Business, suppliers, customers, directors, officers or

shareholders that is disclosed to the Purchaser or any Representative of the Purchaser prior to the Closing Time by any member of the Sale Process Team or their Representatives; or (b) collected by the Purchaser or any Representative of the Purchaser prior to the Closing Time from any member of the Sale Process Team or their Representatives, in either case in connection with the transactions contemplated by this Agreement.

“Transfer Taxes” means all applicable Taxes, including any applicable GST and PST, payable upon or in connection with the transactions contemplated by this Agreement and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

“Vendors” has the meaning set out in the preamble hereto.

1.2 Actions on Non-Business Days. If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

1.3 Currency and Payment Obligations. Except as otherwise expressly provided in this Agreement: (a) all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada; and (b) any payment contemplated by this Agreement shall be made by wire transfer of immediately available funds, by cash, by certified cheque or by any other method that provides immediately available funds as agreed to between the Parties, with the consent of the Monitor.

1.4 Calculation of Time. In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. (Saskatoon time) on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. (Saskatoon time) on the next succeeding Business Day.

1.5 Tender. Any tender of documents or money hereunder may be made upon the Parties or, if so indicated, the Monitor, or their respective counsel.

1.6 Additional Rules of Interpretation.

- (1) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (2) *Headings and Table of Contents.* The inclusion in this Agreement of headings, Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- (3) *Section References.* Unless the context requires otherwise, references in this Agreement to Articles, Sections or Schedules are to Articles or Sections of this Agreement, and Schedules to this Agreement.

- (4) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.
- (5) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- (6) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
- (7) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

1.7 Schedules. The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

SCHEDULES

| | |
|---------------------|----------------------------|
| <u>Schedule “A”</u> | Purchased Assets |
| <u>Schedule “B”</u> | Assigned Contracts |
| <u>Schedule “C”</u> | Owned Real Property |
| <u>Schedule “D”</u> | Purchase Price Allocation |
| <u>Schedule “E”</u> | Intellectual Property |
| <u>Schedule “F”</u> | Rite Way/RW Roads Invoices |

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of Purchased Assets. At the Closing Time, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, the Vendors shall sell to the Purchaser, and the Purchaser shall purchase from the Vendors, all of the Vendors’ right, title and interest in and to the Purchased Assets, which shall be free and clear of all Encumbrances other than Permitted Encumbrances, to the extent and as provided for in the Approval and Vesting Order. For greater certainty, notwithstanding any other provision of this

Agreement, this Agreement does not constitute an agreement by the Purchaser to purchase, or by the Vendors to sell, any Excluded Assets.

2.2 Assumption of Assumed Liabilities. At the Closing Time, on and subject to the terms and conditions of this Agreement, the Purchaser shall assume and agree to pay when due and perform and discharge in accordance with their terms, the Assumed Liabilities. Notwithstanding any other provision of this Agreement, the Purchaser shall not assume any Liabilities hereunder other than the Assumed Liabilities, except as required under Applicable Law.

2.3 Assignment of Contracts.

- (1) *Obtaining Consents.* Prior to Closing, at the written request of the Purchaser, the Vendors, with the assistance of the Purchaser, shall use commercially reasonable efforts to obtain all consents required to assign the Assigned Contracts to the Purchaser.
- (2) *Assignment Order.* To the extent that any Assigned Contract is not assignable without the consent of the counterparty or any other Person and such consent has not been obtained prior to the Closing Date: (a) the Vendors' rights, benefits and interests in, to and under such Assigned Contract may be conveyed to the Purchaser pursuant to an Assignment Order; (b) the Vendors will use commercially reasonable efforts to obtain an Assignment Order in respect of such Assigned Contract on or prior to the Closing Date in form and substance acceptable to the Purchaser, acting reasonably; (c) the Purchaser, at its own expense, will promptly provide to the Vendors and the Monitor all such information within its possession or under its control as the Vendors or the Monitor may reasonably request to obtain the Assignment Order; and (d) if an Assignment Order is obtained in respect of such Assigned Contract in form and substance acceptable to the Purchaser, acting reasonably, the Purchaser shall accept the assignment of such Assigned Contract on such terms.
- (3) *Assignment.* At the Closing Time, on and subject to the terms and conditions of this Agreement (including Section 2.3(4) below), the Approval and Vesting Order and the Assignment Order (if applicable), all of the Vendors' rights, benefits and interests in, to and under the Assigned Contracts shall be assigned to the Purchaser, the consideration for which is included in the Purchase Price.
- (4) *Where Consent Required.* Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assigned Contract to the extent such Assigned Contract is not assignable under Applicable Law, or the terms of the applicable Assigned Contract provide that it is not assignable without the consent of another Person, unless such consent has been obtained or the assignment is subject to an Assignment Order.
- (5) *No Adjustment.* For greater certainty, in respect of any Assigned Contract other than the Critical Contracts, if the consent of any Person is required to assign such Contract but such consent is not obtained prior to Closing and such Contract is not assigned pursuant to an Assignment Order, such Contract shall not form part of the Purchased Assets and: (a) neither Party shall be considered to be in breach of this Agreement; (b) the failure to assign or otherwise transfer such Assigned Contract shall not be a condition to Closing; (c) the Purchase Price shall not be subject to any adjustment; and (d) the Closing shall not be delayed.

- (6) *Intercompany Corporate Services.* Any corporate support, treasury, legal, human resources, risk management, commercial, marketing, accounting, payroll and technical support services Related to the Business provided by any of the Vendors or by any Affiliate to any of the Vendors, to the Business prior to Closing will be terminated as of the Closing, and the Purchaser acknowledges and agrees that it shall be responsible for providing its own corporate support, treasury, legal, human resources, risk management, commercial, marketing, accounting, payroll and technical support services in respect of the Purchased Assets and the Business following Closing.

2.4 Transfer and Assignment of Permits and Licences.

- (1) *Obtaining Consents.* Prior to Closing, to the extent that a Permit and Licence is assignable or otherwise transferable by any of the Vendors to the Purchaser, the Vendors, with the assistance of the Purchaser, shall use commercially reasonable efforts to obtain all necessary consents or approvals to assign or otherwise transfer such Permits and Licences to the Purchaser. The Purchaser shall pay all costs required to be paid to third parties and/or Governmental Authorities in connection with obtaining the assignment or transfer of any Permit and Licence to the Purchaser, or reissuance thereof (which costs shall be in addition to the Purchase Price).
- (2) *Transfer and Assignment.* At the Closing Time, on and subject to the terms and conditions of this Agreement and the Approval and Vesting Order, all of the Vendors' rights, benefits and interests in, to and under the Permits and Licences, to the extent assignable, shall be assigned to the Purchaser, the consideration for which is included in the Purchase Price.
- (3) *Where Consent Required.* Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or otherwise transfer any Permit and Licence to the extent such Permit and Licence is not assignable or transferable under Applicable Law or the terms of the applicable Permit and Licence provide that it is not assignable without the consent of another Person, unless such consent has been obtained.
- (4) *Post-Closing Assignment.* Notwithstanding anything in this Agreement to the contrary, if the consent or approval of any Person is required to assign or otherwise transfer a Permit and Licence, but such consent or approval is not obtained prior to Closing: (a) the Vendors and the Purchaser shall use their commercially reasonable efforts to obtain the necessary consents or approvals to the assignment or transfer of such Permit and Licence to the Purchaser or the Purchaser shall use its commercially reasonable efforts to obtain (with commercially reasonable assistance from the Vendors) a Replacement Permit and Licence thereof, in each case, as soon as practicable following Closing; (b) neither Party shall be considered to be in breach of this Agreement; (c) the failure to assign or otherwise transfer such Permit and Licence or obtain any Replacement Permit and Licence, shall not be a condition to Closing, (d) the Purchase Price shall not be subject to adjustment; and (e) the Closing shall not be delayed.
- (5) *Obtaining Replacement Permits and Licences.* To the extent that a Permit and Licence is not assignable or otherwise transferrable by the Vendors to the Purchaser, the Purchaser, with the assistance of the Vendors, shall use commercially reasonable efforts to obtain a Replacement Permit and Licence in connection with the purchase and sale of the Purchased Assets. The Purchaser shall pay all costs required in connection with

obtaining any Replacement Permit and Licence (which shall be in addition to the Purchase Price).

ARTICLE 3 PURCHASE PRICE & TAXES

3.1 Purchase Price. The consideration payable by the Purchaser to the Vendors for the Vendors' right, title and interest in and to the Purchased Assets (the "**Purchase Price**") shall be the aggregate of:

- (1) [REDACTED] (the "**Cash Purchase Price**");
- (2) the assumption and/or new debt on behalf of BMO and FCC of a portion of the amounts owing to BMO and to FCC in respect of the BMO/FCC mortgage debt (the "**BMO/FCC Mortgage Debt**"), which assumed portion shall be [REDACTED], which amount shall be reduced, or payment towards such amount shall be satisfied, on the basis agreed to with BMO and FCC and as more particularly described in the Indicative Term Sheet, by the amount by which the net proceeds of sale of the Yorkton Plant located at Blk/Par Z-Plan 67Y09629 Ext 0, Lot 15-Blk/Par 9-Plan 00Y00664 Ext 0, and Lot 16-Blk/Par 9-Plan 00Y00664 Ext 0 in the City of Yorkton, exceeds the amount owing on the BMO/FCC Mortgage Debt that is not assumed by the Purchaser as described herein, and the Purchase Price shall be decreased, as and if applicable, dollar-for-dollar to the extent of such reduction; and
- (3) the agreed value of the Assumed Liabilities, which is currently capped in the amount of [REDACTED] and which is reflected in the allocation of the Purchase Price made in accordance with Section 3.4.

3.2 Satisfaction of Purchase Price. The Purchase Price shall be paid and satisfied as follows:

- (1) the Deposit Amount shall be applied as a credit toward the Cash Purchase Price;
- (2) the Inventory Holdback shall be paid by the Purchaser to the Escrow Agent and shall be held, and only released, in accordance with the Escrow Agreement;
- (3) the balance of the Cash Purchase Price, net of (i) the Deposit Amount credited pursuant to Section 3.2(1) and (ii) the Inventory Holdback paid pursuant to Section 3.2(2) (the "**Closing Cash Consideration**") shall be paid by the Purchaser to the Monitor on the Closing Date;
- (4) an amount equal to the agreed portion of the BMO/FCC Mortgage Debt as described above, shall be satisfied at Closing by the assumption and/or new debt by the Purchaser of the said portion of the BMO/FCC Mortgage Debt by the execution and delivery of an assignment, assumption agreement or new loan documents and such other agreements and registrations as BMO and FCC may require (collectively, the "**BMO/FCC Mortgage Debt Documentation**"), in form and substance satisfactory to the Vendors, acting reasonably; and

- (5) an amount equal to the agreed value of the Assumed Liabilities, shall be satisfied at Closing by the assumption by the Purchaser of the Assumed Liabilities by the execution and delivery of the BMO/FCC Mortgage Debt Documentation.

3.3 Post-Closing Price Adjustment.

- (1) By January 15, 2021, the Purchaser shall have conducted a physical count of the Inventory (the "**Inventory Count**").
- (2) Within 30 days following the Inventory Count date, the Purchaser shall prepare and deliver to the Vendors a report setting out the value the Inventory (the "**Inventory Valuation Report**"). The Valuation Report is to be prepared in accordance with this Agreement and based on the information in the Inventory Count.
- (3) Within 7 days following receipt of the Inventory Valuation Report, the Vendors shall review (or shall cause their accountants to review) the Inventory Valuation Report and shall notify the Purchaser in writing if the Vendors have any objections to the Inventory Valuation Report. The notice of objection must contain a statement of the *bona fide* basis of each of the Vendors' objections and each amount in dispute. The Purchaser shall provide access, upon every reasonable request, to the Vendors and their accountants to all working papers of the Purchaser and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Inventory Valuation Report. The Vendors shall be deemed to have accepted the Inventory Valuation Report if they do not notify the Purchaser of any objection within the said period of 7 days.
- (4) If the Vendors dispute the Inventory Valuation Report, the parties will work expeditiously and in good faith in an attempt to resolve such dispute within a further period of 15 days after the date of notification by the Vendors to the Purchaser of such dispute, failing which the dispute may be submitted by the Vendors for determination to an independent national firm of chartered professional accountants mutually agreed to by the Vendors and the Purchaser (and, failing such agreement between the Vendors and the Purchaser within a further period of 5 Business Days, such independent national firm of chartered professional accountants shall be KPMG LLP) (the "**Independent Auditor**"). The determination of the Independent Auditor shall be final and binding upon the parties and shall not be subject to appeal, absent manifest error. The Independent Auditor shall be deemed to be acting as experts and not as arbitrators.
- (5) The Vendors and the Purchaser shall each bear the fees and expenses of their respective accountants in preparing or reviewing, as the case may be, the Inventory Valuation Report. In the case of a dispute and the retention of an Independent Auditor to determine such dispute, the costs and expenses of such Independent Auditor shall be borne equally by the Vendors (as to 50%) and the Purchaser (as to 50%); *provided that*: (i) the Purchaser shall pay 100% of the costs and expenses of such Independent Auditor; and (ii) the Vendors' 50% portion relating to the costs and expenses of the Independent Auditor shall be deducted from, and shall reduce (dollar for dollar) the amount of the value

ascribed to the Inventory in the Final Inventory Valuation Report. However, the Vendors and the Purchaser shall each bear their own costs in presenting their respective cases to the Independent Auditor.

- (6) Immediately following the 7 day period referred to in Section 3.3(3), or the resolution of any dispute in accordance with the foregoing, as the case may be, the Purchaser shall deliver to the Vendors the final Inventory valuation report (the "**Final Inventory Valuation Report**"). Such Final Inventory Valuation Report shall be final and binding upon the parties and shall not be subject to appeal, absent manifest error.
- (7) Within 7 days following the Closing Date, the Purchaser and the Vendors shall update the Inventory Count to reflect the actual Inventory as of close of Business on the date immediately prior to Closing Date (the "**Closing Date Inventory Determination**").
- (8) The Cash Purchase Price shall be increased or decreased, as the case may be, dollar-for-dollar to the extent that the value of the Inventory determined from the Final Inventory Valuation Report and the Closing Date Inventory Determination, is in the aggregate either: (i) more than [REDACTED] (if applicable, an "**Inventory Surplus**"); or (ii) less than [REDACTED] (if applicable, an "**Inventory Shortfall**").
 - (i) In the event that there is an Inventory Surplus, the amount of such increase shall be paid to the Vendor by the Purchaser within sixty (60) days of the completion of the Final Inventory Valuation Report and the Closing Date Inventory Determination and the Purchaser shall have the right to retain any Obsolete Inventory as its sole property; and
 - (ii) In the event that there is an Inventory Shortfall, the amount of such decrease shall be paid to the Purchaser from the Inventory Holdback as set forth in the Escrow Agreement and Section 3.3(9) and the Purchaser shall have the right to retain the Obsolete Inventory retain as its sole property all Obsolete Inventory.
- (9) The Escrow Agent shall hold the sum of [REDACTED] ([REDACTED]) (the "**Inventory Holdback**") in trust pursuant to the Escrow Agreement pending the completion of the Final Inventory Valuation Report and the Closing Date Inventory Determination. Upon completion of the Final Inventory Valuation Report and the Closing Date Inventory Determination, and in accordance with the determined Inventory Shortfall, if any, the Escrow Agent shall disburse the Inventory Holdback funds to the applicable Parties in accordance with Section 3.3(8). For greater certainty, in the event that the Final Inventory Valuation Report and Closing Date Inventory Determination identify an Inventory Shortfall, the Escrow Agent shall, within five (5) Business Days of the delivery of the Final Inventory Valuation Report or the Closing Date Inventory Determination (whichever is later), (i) provide a sum equivalent to the Inventory Shortfall, out of the Inventory Holdback (or the *pro rata* portion thereof applicable to this Agreement), to the Purchaser and (ii) pay the remaining funds in the Inventory Holdback (if any) to the Monitor (or to the successor of the Vendors (which shall include a trustee in bankruptcy) as the Monitor may direct in writing). In the event

that there is no Inventory Shortfall the entire Inventory Holdback shall be released to the Monitor within five (5) Business Days of the delivery of the Final Inventory Valuation Report or the Closing Date Inventory Determination (whichever is later).

3.4 Allocation of Purchase Price. The Vendors and the Purchaser agree to allocate the Purchase Price to the Purchased Assets held by each Vendor for Tax purposes in a manner to be agreed to by the Parties, each acting reasonably, at least seven (7) days before Closing but in substantially the form included as Schedule "D", and to report the sale and purchase of the Purchased Assets for all federal, provincial and local Tax purposes in a manner consistent with such allocation, which shall include, for greater certainty, an allocation by category and location (by province) of Purchased Assets and among the Vendors. If such allocation is disputed by any Governmental Authority with respect to Taxes, the Party receiving notice of such dispute will promptly notify the other Party and the Parties will use their commercially reasonable efforts to sustain the final allocation. The Parties will share information and cooperate to the extent reasonably necessary to permit the transaction contemplated by this Agreement to be properly, timely and consistently reported. For purposes of calculating any Taxes payable by the Purchaser to the Vendors under Section 3.5, if any, the Vendors and Purchaser shall mutually agree no later than the Closing Date regarding the allocation, including an allocation to the Purchased Assets in each province and the relevant categories of Purchased Assets and among the Vendors.

3.5 Taxes. In addition to the Purchase Price, the Purchaser shall be liable for and shall, at Closing, pay all applicable Transfer Taxes.

3.6 Deposit.

- (1) The sum of [REDACTED] (the "**Initial Deposit**") which the Vendor herein acknowledges has been paid by the Purchaser, as a deposit, to the Monitor by way of a wire transfer upon execution of this Agreement, and which Initial Deposit shall be held in trust by the Monitor in a trust account specified by the Monitor and only released in the manner specifically contemplated by this Agreement.
- (2) The sum of [REDACTED] (the "**Second Deposit**" and, together with the Initial Deposit, the "**Deposit Amount**") shall be paid by the Purchaser, as a deposit, to the Monitor by way of a wire transfer on or before the date the Vendors enter into an agreement to amend any collective bargaining agreements as set out in Section 5.9 or on the Initial Condition Date, whichever is later, and which Second Deposit shall be held in trust by the Monitor in a trust account specified by the Monitor and only released in the manner specifically contemplated by this Agreement.
- (3) In the event that the Closing is not completed on the Closing Date, the Deposit Amount shall either:
 - (A) be returned to the Purchaser forthwith in the event that:
 - (i) the Purchaser's Conditions have not been satisfied and have not been waived by the Purchaser; or

- (ii) even though the Purchaser's Conditions have been satisfied or waived, as applicable, the Vendors are unable or unwilling to undertake or otherwise complete all actions necessary to effect the transactions contemplated hereby to occur on the Closing Date that are to be completed by the Vendors, including the amendment agreement described in Section 5.9, or the Vendors otherwise fail to sell the Purchased Assets to the Purchaser and such failure is the fault of the Vendors; or
- (B) be forfeited to the Vendors, without prejudice to any other rights or claims which the Vendors may have at law or in equity, in the event that, even though all of the Purchaser's Conditions have been satisfied or waived, as applicable, the Purchaser is unable or unwilling to undertake or otherwise complete all actions necessary to effect the transactions contemplated hereby to occur on the Closing Date that are to be completed by the Purchaser, or the Purchaser otherwise fails to purchase the Purchased Assets from the Vendors and such failure is the fault of the Purchaser.

3.7 Tax Elections.

Section 167 Tax Election. If available and requested by the Purchaser, at the Closing, each of the Vendors and the Purchaser shall execute jointly an election under Section 167 of the *ETA* to have the sale of the Purchased Assets take place on a GST-free basis under Part IX of the *ETA*. The Purchaser shall file the elections in the manner and within the time prescribed by the relevant legislation.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Purchaser. As a material inducement to the Vendors entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendors are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 4.1, the Purchaser represents and warrants to the Vendors as follows:

- (1) *Incorporation and Corporate Power.* The Purchaser is a corporation incorporated and subsisting under the Laws of the jurisdiction of its respective creation or incorporation. The Purchaser has the power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.
- (2) *Authorization.* The execution and delivery of this Agreement and all other agreements and instruments to be executed by the Purchaser as contemplated herein and the completion of the transactions contemplated by this Agreement and all such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Approvals.* No consent, waiver, authorization or approval of any Person and no notice or declaration to or filing or registration with any Governmental Authority is required in connection with the execution and delivery by the Purchaser of this Agreement or all

other agreements and instruments to be executed by the Purchaser or the performance of its obligations hereunder or thereunder.

- (4) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms. There is no Legal Proceeding in progress, pending against or threatened against or affecting the Purchaser, and there are no grounds on which any such Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Purchaser which, in any such case, affects adversely or might affect adversely the ability of the Purchaser to enter into this Agreement or to perform its obligations hereunder.
- (5) *ICA.* The Purchaser is not a “non-Canadian” within the meaning of the *ICA*, or, if the Purchaser is a “non-Canadian”, the Purchaser is a “WTO investor” within the meaning of the *ICA*.
- (6) *ETA.* The Purchaser is, or upon Closing shall be, registered for GST purposes under Part IX of the *ETA*, and shall provide its registration number to the Vendors at or prior to Closing.
- (7) *Commissions.* The Vendors will not be liable for any brokerage commission, finder’s fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Purchaser.
- (8) *Sufficient Funds.* The Purchaser has sufficient financial resources or has arranged sufficient financing for it, on Closing (which financing is not subject to any conditions other than the conditions to Closing set out herein), to pay the Cash Purchase Price and the Transfer Taxes payable on Closing and any and all other amounts payable by the Purchaser, if any, pursuant to this Agreement.

4.2 Representations and Warranties of the Vendors. As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendors set out in this Section 4.2, the Vendors represent and warrant to the Purchaser as follows:

- (1) *Incorporation and Corporate Power.* The Vendors are corporations incorporated, organized and subsisting under the Laws of the jurisdiction of their incorporation. Subject to the Approval and Vesting Order having been granted and being a Final Order, the Vendors have the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by them as contemplated herein and to perform their other obligations hereunder and under all such other agreements and instruments.
- (2) *Authorization by Vendors.* Subject to the Approval and Vesting Order having been granted and being a Final Order, the execution and delivery of this Agreement and all other agreements and instruments to be executed by the Vendors as contemplated herein and the completion of the transactions contemplated by this Agreement and all such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Vendors.

- (3) *Enforceability of Obligations.* Subject to the Approval and Vesting Order having been granted and being a Final Order, this Agreement constitutes a valid and binding obligation of the Vendors enforceable against the Vendors in accordance with its terms.
- (4) *ITA.* Each of the Vendors is not a non-resident of Canada for purposes of the *ITA*.
- (5) *ETA.* The following Vendors are registered for GST purposes under Part IX of the *ETA* and their GST numbers are:

Morris Industries Ltd.: 10376 7646 RT0001

Contour Realty Inc.: 83545 2640 RT0001

- (6) *Commissions.* The Purchaser will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, the Vendors and the Monitor.
- (7) To the knowledge of the Monitor, there is no agreement (other than this Agreement) which grants to any Person the right to purchase or otherwise acquire any of the Purchased Assets.
- (8) To the knowledge of the Monitor, the Vendor has received no notice of expropriation or condemnation proceedings affecting the Owned Real Property or Purchased Assets.
- (9) To the knowledge of the Monitor, the Vendor is the sole and unconditional owner of and shall at Closing transfer to the Purchaser a good and valid title to, all of the Purchased Assets.
- (10) The Vendor is a resident of Canada as contemplated by section 116 of the *ITA*.
- (11) To the knowledge of the Monitor, all buildings and improvements erected on the Owned Real Property have been erected pursuant to building permits validly issued and in compliance with applicable building and zoning by-laws and restrictions, and that all means of ingress and egress to and from any buildings on the Owned Real Property comply with the regulations and requirements of all Governmental Authorities having jurisdiction.
- (12) To the knowledge of the Monitor, there are no agreements relating to the maintenance or operation of any of the Purchased Assets which cannot, by their terms, be terminated at the option of the Purchaser as of the Closing Date.

4.3 As is, Where is. Notwithstanding any other provision of this Agreement, the Purchaser acknowledges, agrees and confirms that:

- (1) except for the representations and warranties of the Vendors set forth in Section 4.2, it is entering into this Agreement, acquiring the Purchased Assets and assuming the Assumed Liabilities on an "as is, where is" basis as they exist as of the Closing Time and will accept the Purchased Assets in their state, condition and location as of the Closing Time except as expressly set forth in this Agreement and the sale of the Purchased Assets is made without legal warranty and at the risk of the Purchaser;

- (2) it has conducted to its satisfaction such independent searches, investigations and inspections of the Purchased Assets, the Contracts, the Permits and Licences, the Business and the Assumed Liabilities as it deemed appropriate, and based solely thereon, has determined to proceed with the transactions contemplated by this Agreement;
- (3) except as expressly stated in Section 4.2, neither the Vendors nor the Monitor have made or are making, and the Purchaser is not relying on, any representations, warranties, statements or promises, express or implied, statutory or otherwise, concerning the Purchased Assets, the Vendors' right, title or interest in or to the Purchased Assets, the Business or the Assumed Liabilities, including with respect to merchantability, physical or financial condition, description, fitness for a particular purpose, suitability for development, title, description, use or zoning, environmental condition, existence of any parts/and/or components, latent defects, quality, quantity or any other thing affecting any of the Purchased Assets or the Assumed Liabilities, or normal operation thereof, or in respect of any other matter or thing whatsoever, including any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement and are hereby waived in their entirety by the Purchaser;
- (4) without limiting the generality of the foregoing, no representation, warranty or covenant is given by the Monitor or the Vendors that any of the Purchased Assets are or can be made operational within a specified time frame or will achieve any particular result, level of service, use, production capacity or actual production if made operational;
- (5) without limiting the generality of the foregoing, except as expressly stated in Section 4.2, the Vendors have made no representation or warranty as to any regulatory approvals, licences, permits, consents or authorizations, including the Permits and Licences, that may be needed to complete the transactions contemplated by this Agreement or to operate or carry on the Business or any portion thereof, and the Purchaser is relying entirely on its own investigation, due diligence and inquiries in connection with such matters;
- (6) all written and oral information or Data obtained from the Monitor and the Vendors, including in any teaser letter, asset listing, confidential information memorandum or other document made available to the Purchaser (including in certain "data rooms", management presentations, site visits and diligence meetings or telephone calls), with respect to the Purchased Assets, the Business, and the Assumed Liabilities has been obtained for the convenience of the Purchaser only, and the Monitor and the Vendors have made no representation or warranty, express or implied, statutory or otherwise as to the accuracy or completeness of any such information;
- (7) any information or Data regarding or describing the Purchased Assets, the Business or the Assumed Liabilities in this Agreement (including the Schedules hereto), or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by the Purchaser, and no representation, warranty or condition, express or implied, has or will be given by the Monitor, the Vendors, or any other Person concerning the completeness or accuracy of such information or descriptions;
- (8) except as otherwise expressly provided in this Agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights or claims the

Purchaser might have against any member of the Sale Process Team or any of the Sale Process Team's Representatives pursuant to any warranty, express or implied, legal or conventional, of any kind or type, other than those representations and warranties of the Vendors expressly set forth in Section 4.2. Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights;

- (9) except as provided in Section 9.1, none of the representations and warranties of the Vendors contained in this Agreement shall survive Closing and the Purchaser's sole recourse for any breach of representation or warranty of the Vendors in Section 4.2 shall be for the Purchaser not to complete the transactions as contemplated by this Agreement and for greater certainty the Purchaser shall have no recourse or claim of any kind against the Vendors or the proceeds of the transactions contemplated by this Agreement following Closing;
- (10) this Section 4.3 shall not merge on Closing and is deemed incorporated by reference in all Closing documents and deliveries.

ARTICLE 5 COVENANTS

5.1 Motion for Approval and Vesting Order. This Agreement is subject to Court approval, and Closing is subject to the granting of the Approval and Vesting Order and it being a Final Order. The Vendors shall file with the Court, as soon as reasonably practicable following execution and delivery of this Agreement, a motion seeking the Court's granting of the Approval and Vesting Order. The Purchaser shall cooperate with the Vendors in their efforts to obtain the Approval and Vesting Order. The Purchaser, at its own expense, will promptly provide to the Vendors and the Monitor all such information within its possession or under its control as the Vendors or the Monitor may reasonably request to obtain the Approval and Vesting Order.

5.2 Access During Interim Period. During the Interim Period, the Vendors shall, subject to any confidentiality, privacy or safety restrictions, give, or cause to be given, to the Purchaser and its Representatives reasonable access during normal business hours to the Purchased Assets (where situated), including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Purchased Assets as the Purchaser deems reasonably necessary or desirable to further familiarize itself with the Business and the Purchased Assets and plan for the operation of the Business following Closing. Without limiting the generality of the foregoing, the Purchaser shall be permitted reasonable access during normal business hours to all Books and Records relating to information scheduled or required to be disclosed under this Agreement. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and peril, during normal business hours, and the Vendors shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

5.3 Transaction Personal Information. Each Party shall comply with Privacy Law in the course of collecting, using and disclosing Transaction Personal Information. The Purchaser shall cause its Representatives to observe the terms of this Section 5.3 and to protect and safeguard Transaction Personal Information in their possession in accordance with Privacy Law. The Purchaser shall collect Transaction Personal Information prior to Closing only for purposes related to the transactions contemplated by this Agreement. The Purchaser shall not, without the consent of the individuals to whom such Personal Information relates or as permitted or required by Applicable Law, use or disclose Transaction Personal Information: (a) for purposes other than those for which such Transaction Personal Information was collected by any of the Vendors prior to the Closing; and (b) for a purpose which does not relate directly to the carrying on of the Business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

5.4 Risk of Loss. The Purchased Assets shall be at the risk of the Vendors until Closing. If, between the date hereof and Closing, any of the Purchased Assets are destroyed, lost or materially damaged (each a “**Casualty**”), the Purchaser shall still complete the purchase of the Purchased Assets on an “as is, where is” basis without any adjustment to the Purchase Price payable hereunder and take an assignment from the Vendors of all insurance proceeds payable to the Vendors in respect of the Casualty, provided that, in the event of a Material Casualty, the Purchaser shall have the option, in its discretion, to terminate this Agreement. For greater certainty, in no event shall the aggregate total of the insurance proceeds assigned to the Purchaser in accordance with this Section 5.4 and the fair market value of Purchased Assets exceed the Purchase Price.

5.5 Indemnity. The Purchaser hereby indemnifies the Monitor, the Vendors, the Vendors’ Affiliates and their respective Representatives, and saves them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (1) any Transfer Taxes (including penalties and interest) which may be assessed against any of the Vendors, including, notwithstanding anything to the contrary in this Agreement, any Taxes which may be assessed against any of the Vendors in the event that any election made pursuant to Section 3.6 is challenged by the relevant Tax authority as being inapplicable to the transactions under this Agreement, or as a result of the Purchaser’s failure to file such elections within the prescribed time;
- (2) the Purchaser’s access in accordance with Section 5.2;
- (3) the collection, use or disclosure of Transaction Personal Information by the Purchaser and its Representatives; and
- (4) the Purchaser’s failure to pay when due and perform and discharge the Assumed Liabilities in accordance with their terms.

5.6 Books and Records. The Purchaser shall preserve and keep the Books and Records acquired by it pursuant to this Agreement for a period of six (6) years after Closing, or for any longer periods as may be required by any Laws applicable to such Books and Records. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent reasonably feasible), available to the Monitor and the Vendors, and their respective Representatives and successors, and any trustee in bankruptcy or receiver of

the Vendors, and shall permit any of the foregoing Persons to take copies of such Books and Records as they may require.

5.7 Certain Information Technology Assets.

- (1) With respect to any information technology assets primarily Related to the Business to be acquired by the Purchaser hereunder (such as desktops, laptops, mobile phones, servers and related hardware) (collectively, "**Hardware**"), the Purchaser will cooperate with the Vendors, at the Purchaser's cost and expense, in causing data contained or stored in such Hardware not relating primarily to the Business, the Purchased Assets or the Assumed Liabilities to be removed from such Hardware in a manner reasonably satisfactory to the Vendors prior to the Closing Date or within a reasonable period of time thereafter, provided that such removal shall be carried out in a manner that does not damage or otherwise interfere with any Data contained or stored in such Hardware primarily Related to the Business or the Purchased Assets. Any third party provider selected by the Purchaser and the Vendors to provide such services shall be agreed upon by the Purchaser and the Vendors, acting reasonably.
- (2) With respect to any information technology assets Related to the Business to be acquired by the Purchaser hereunder and contained on or in desktops, laptops, mobile phones, servers and related hardware, which is not being transferred to the Purchaser (the "**Vendor's Hardware**"), the Vendors will use reasonable commercial efforts to cooperate with the Purchaser in causing data contained or stored in such Vendor's Hardware to be removed from such Vendor's Hardware and provided to the Purchaser in a manner reasonably satisfactory to the Parties prior to the Closing Date, or within a reasonable time thereafter provided that such removal shall be attempted in a manner that does not damage or otherwise interfere with any other data contained or stored in such Vendor's Hardware.

5.8 Regulatory Approvals. The Purchaser, with the assistance of the Vendors shall, as promptly as possible: (a) make, or cause or be made, all filings and submissions, as applicable, required under any Law applicable to such Party or any of its Affiliates; and (b) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, Orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement. The Vendors shall cooperate reasonably with the Purchaser and its Affiliates in promptly seeking to obtain all such consents, authorizations, Orders, approvals and clearance certificates. The Parties shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, Orders and approvals.

5.9 Amendment. Prior to the Closing Date, the Vendors shall enter into an agreement to amend any collective bargaining agreements in such manner satisfactory to the Purchaser at its sole discretion.

5.10 Post-Closing Intellectual Property. In the event that any Intellectual Property owned by the Vendors as of the Closing Date and not disclosed or specifically assigned to the Purchaser on the Closing Date is later discovered, the Vendors shall take all necessary steps to assign or transfer the same to the Purchaser.

5.11 Post-Closing Access to Yorkton Facility. For the period commencing on the Closing Date and ending on the date that is the earlier of (i) 180 days after the Closing Date, or (ii) the sale of the Yorkton plant to a third party, the Purchaser and its Representatives shall have access, upon reasonable notice to the Vendors, to the Yorkton property associated with the Business for the purposes of storing, removing and transitioning any Purchased Assets located thereat and to facilitate the transfer of operations from such Yorkton property. The Purchaser shall indemnify the Vendors for any damage caused by the negligence or wilful misconduct of Purchaser and/or its Representatives as a result of any of the foregoing.

5.12 Cooperation and Consultation with Governmental Authorities. All meetings, submissions, filings, and proposals made by or on behalf of either Party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the consummation of the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Vendors or the Purchaser with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other Party hereunder in advance of any filing, submission or attendance, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such filings, meetings, submissions and proposals. Each Party shall give notice to the other Party with respect to any meeting, submission, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other Party with the opportunity to attend and participate in such meeting, discussion, appearance or contact (except where such Governmental Authority expressly requests that such Party not attend or participate in such meeting, discussion, appearance or contact). Notwithstanding any requirement under this Section 5.9, a Party shall not be required to provide the other Party with any information required to be provided under this Section 5.9 where the information is confidential and competitively sensitive, in which case the supplying Party shall provide a redacted version to the requesting Party and shall provide the information on a non-redacted basis to the receiving Party's external counsel, and the receiving Party agrees that it shall neither request nor receive such non-redacted information from its external counsel.

5.13 Rite Way / RW Roads Accounts Receivable. This Agreement shall be subject to SuperiorFarms Solutions Limited Partnership and RW Roads Solutions Limited Partnership (collectively, "**Rite Way**") satisfying and paying, in full, the invoices attached hereto as Schedule "F". For greater certainty any "Invoiced Amounts" (as such term is defined in the Assignment of A/R Agreement) which Invoiced Amounts are not set out in the attached Schedule "F", shall be paid in accordance with the "**Assignment of A/R Agreement**," which means the Assignment of A/R Agreement dated effective October 5, 2020 between Rite Way and Morris Industries Ltd.

5.14 Summers Transaction. The Purchaser shall use commercially reasonable efforts to enter into an arrangement with Summers Manufacturing Company, Inc. ("**Summers**"), by no later than January 31, 2021, whereby Summers will become, *inter alia*, a sponsor under the Indicative Term Sheet (and/or the definitive loan agreement containing the material terms provided in the Indicative Term Sheet) (the "**Summers Closing**"). Upon the occurrence of the Summers Closing, the Purchaser agrees to use commercially reasonable efforts to cause certain conditions subsequent to be satisfied, all as more particularly described in the Indicative Term Sheet and required by BMO and FCC in accordance therewith.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Closing. The Closing may take place in person at the offices of the Vendors' solicitors or may be effected by way of a virtual Closing, whereby required executed Closing deliverables are circulated by electronic mail in pdf and released at such time and pursuant to such protocols and confirmations as the Parties may agree.

6.2 Vendors' Closing Deliveries. At the Closing, the Vendors shall deliver or cause to be delivered to the Purchaser the following:

- (1) the Purchased Assets, with delivery to occur *in situ* wherever such Purchased Assets are located at the Closing Time;
- (2) a copy of the Approval and Vesting Order, which shall be a Final Order;
- (3) a copy of any Assignment Order, if applicable, in respect of any Critical Contracts for which consents to assignment were required which have not been obtained, which Assignment Order shall be a Final Order;
- (4) the General Conveyance, duly executed by the Vendors;
- (5) the Assignment and Assumption Agreement, duly executed by the Vendors;
- (6) the Escrow Agreement, duly executed by the Vendors;
- (7) a bring-down certificate executed by a senior officer of the Vendors dated as of the Closing Date, in form and substance satisfactory to the Purchaser, acting reasonably, certifying that: (a) all of the representations and warranties of the Vendors hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date; and (b) all of the terms and conditions set out in this Agreement to be complied with or performed by the Vendors at or prior to Closing have been complied with or performed by the Vendors in all material respects;
- (8) the elections referred to in Section 3.6 of this Agreement, if applicable;
- (9) an Assignment of all Intellectual Property in favour of the Purchaser, in a form prepared by and acceptable to the Purchaser, acting reasonably ; and
- (10) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement, or as are required to be delivered by the Vendors or Vendors' counsel under this Agreement, including the amendment agreement described in Section 5.9 hereof, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

6.3 Purchaser's Closing Deliveries. At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendors (or as otherwise indicated below), the following:

- (1) the Closing Cash Consideration;

- (2) the Assignment and Assumption Agreement, duly executed by the Purchaser;
- (3) the Escrow Agreement, duly executed by the Purchaser and the Escrow Agent;
- (4) the BMO/FCC Mortgage Debt Documentation, duly executed by the Purchaser, BMO and FCC;
- (5) the payment of all Transfer Taxes (if any) required to be paid on Closing, which shall be paid to the Monitor;
- (6) the General Conveyance, duly executed by the Purchaser;
- (7) copies of: (a) the counterparty consents to the assignment of the Assigned Contracts contemplated by Section 2.3(1); (b) the Permits and Licences contemplated by Section 2.4(1), to the extent obtained by the Vendors prior to Closing; and (c) the regulatory approvals contemplated by Section 5.10.;
- (8) a bring-down certificate executed by a senior officer of the Purchaser dated as of the Closing Date, in form and substance satisfactory to the Vendors, acting reasonably, certifying that: (a) all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date; and (b) all of the terms and conditions set out in this Agreement to be complied with or performed by the Purchaser at or prior to Closing have been complied with or performed by the Purchaser in all material respects;
- (9) a summary satisfactory to the Vendors and the Monitor of the financial terms of each renegotiated Assigned Contract to be assumed by the Purchaser and the quantum of the unsecured claim that such party will have against the Vendors;
- (10) evidence satisfactory to the Vendors that all payments owing to the applicable counterparties under the Assigned Contracts are current up to the Closing Date;
- (11) the elections referred to in Section 3.6 of this Agreement, if applicable;
- (12) confirmation that the shares of the Purchaser are held in escrow pending payment of the Closing Cash Consideration of the Vendor; and
- (13) such other agreements, documents and instruments as may be reasonably required by the Vendors to complete the transactions provided for in this Agreement, or as are required to be delivered by the Purchaser or the Purchaser's counsel under this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 7 CONDITIONS OF CLOSING

7.1 Purchaser's Conditions. The Purchaser shall not be obligated to complete the transactions contemplated by this Agreement unless, each of the conditions listed below in this Section 7.1 (the "**Purchaser's Conditions**") have been satisfied, it being understood that the said Purchaser's Conditions are included for the exclusive benefit of the Purchaser, and may

be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall only be binding on the Purchaser if made in writing:

- (1) *Court Approval.* The Approval and Vesting Order and, if applicable, the Assignment Order shall each have been issued and entered by the Court and be a Final Order.
- (2) *Critical Contracts Consents.* All consents necessary to assign the Critical Contracts to the Purchaser shall have been obtained, or an Assignment Order shall have been issued and entered by the Court in respect of such Critical Contracts where necessary consents have not been obtained, and any such Assignment Order shall not have been vacated, set aside or stayed.
- (3) *Assigned Contracts Current.* All payments owing by the Vendors to the applicable counterparties under the Assigned Contracts shall be current up to and including the Closing Date.
- (4) *Vendors' Deliveries.* The Vendors shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 6.2.
- (5) *No Violation of Orders or Law.* During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Final Order or Law which has the effect of: (a) making any of the transactions contemplated by this Agreement illegal; or (b) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.
- (6) *No MAC.* There shall have been no material adverse change in the Business prior to Closing.
- (7) *No Breach of Representations and Warranties.* Each of the representations and warranties contained in Section 4.2 shall be materially true and correct: (a) as of the Closing Date as if made on and as of such date; or (b) if made as of a date specified therein, as of such date.
- (8) *No Breach of Covenants.* The Vendors shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing.
- (9) *Financing.* The Purchaser shall have obtained, on or before the Closing Date, financing which is, in the view of the Purchaser acting reasonably, on, or substantially in accordance with, the terms and conditions set forth in the Indicative Term Sheet.
- (10) *Use of Morris name.* The Purchaser shall have obtained the consent and authorization of the Vendors to use the name "Morris Equipment Ltd." on or before the Initial Condition Date, subject only to an undertaking to cease using that name should the within transaction not conclude.

7.2 Vendors' Conditions. The Vendors shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 7.2 (the "**Vendors' Conditions**") have been satisfied, it being

understood that the said Vendors' Conditions are included for the exclusive benefit of the Vendors, and may be waived by the Vendors, with the consent of the Monitor, in whole or in part, without prejudice to any of their rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall only be binding on the Vendors if made in writing.

- (1) *Court Approval.* The Approval and Vesting Order and, if applicable, the Assignment Order shall each have been issued and entered by the Court and be a Final Order.
- (2) *Purchaser's Deliverables.* The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendors at the Closing all the documents and payments contemplated in Section 6.3 to the satisfaction of the Vendors.
- (3) *Assigned Contracts Current.* All payments owing by the Vendors to the applicable counterparties under the Assigned Contracts shall be current up to and including the Closing Date.
- (4) *Execution by the Purchaser.* This Agreement shall be executed by a duly authorized representative of the Purchaser.
- (5) *No Violation of Orders or Law.* During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any Final Order or Law which has the effect of: (a) making any of the transactions contemplated by this Agreement illegal; or (b) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.
- (6) *No MAC.* There shall have been no material adverse change in the Business or the Purchaser prior to Closing.
- (7) *No Breach of Representations and Warranties.* Each of the representations and warranties contained in Section 4.1 shall be materially true and correct: (a) as of the Closing Date as if made on and as of such date; or (b) if made as of a date specified therein, as of such date.
- (8) *No Breach of Covenants.* The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser, on or before the Closing.

7.3 Monitor's Certificate. When the conditions to Closing set out in Section 7.1 and Section 7.2, have been satisfied and/or waived by the Vendors or the Purchaser, as applicable, the Vendors and the Purchaser will each deliver to the Monitor written confirmation: (a) that such conditions of Closing, as applicable, have been satisfied and/or waived; and (b) of the amounts of Transfer Taxes required to be paid at Closing (if any is payable) and the Cure Costs payable by the Purchaser on Closing (the "**Conditions Certificates**"). Upon receipt of the executed Assignment and Assumption Agreement and the payment in full of the Closing Cash Consideration, the Transfer Taxes, required to be paid at Closing (if any is payable) and of the Cure Costs payable by the Purchaser on Closing, and receipt of each of the Conditions Certificates, the Monitor shall: (a) issue forthwith its Monitor's Certificate concurrently to the Vendors and the Purchaser, at which time the Closing will be deemed to have occurred; and (b) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to the Vendors and the Purchaser). In the case of

clauses (a) and (b), above, the Monitor will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions.

ARTICLE 8 TERMINATION

8.1 Grounds for Termination. This Agreement may be terminated prior to the Closing Time:

- (1) by the mutual written agreement of the Vendors and the Purchaser, provided however that if this Agreement has been approved by the Court, any such termination shall require either the consent of the Monitor, or approval of the Court;
- (2) by written notice from the Purchaser to the Vendors and the Monitor in accordance with Section 5.4;
- (3) by written notice from the Purchaser to the Vendors and the Monitor if there has been a material breach by the Vendors of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and such breach is not curable and has rendered the satisfaction of any condition in Section 7.1 impossible by the Closing Date, provided that at the time of providing such notice of termination, the Purchaser is not in breach of any of its obligations under this Agreement;
- (4) by written notice from the Vendors (with the consent of the Monitor) to the Purchaser if there has been a material breach by the Purchaser of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendors and such breach is not curable and has rendered the satisfaction of any condition in Section 7.2 impossible by the Closing Date, provided that at the time of providing such notice of termination, the Vendors are not in breach of any of their obligations under this Agreement; and
- (5) by the Purchaser, on the one hand, or by the Vendors (with the consent of the Monitor), on the other hand, upon written notice to the other Party if the Closing has not occurred by December 31, 2020, provided, however, that the right to terminate this Agreement pursuant to this Section 8.1(5) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in the Closing not occurring by December 31, 2020.

8.2 Effect of Termination. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except as contemplated in Sections 5.3 (*Transaction Personal Information*), 8.2 (*Effect of Termination*), 9.2 (*Expenses*), 9.3 (*Public Announcements*), 9.4 (*Notices*), 9.8 (*Entire Agreement*), 9.9 (*Amendment*), 9.11 (*Severability*), 9.13 (*Governing Law*), 9.14 (*Dispute Resolution*), 9.15 (*Attornment*), 9.16 (*Successors and Assigns*), 9.17 (*Assignment*), 9.18 (*Monitor's Capacity*) and 9.19 (*Third Party Beneficiaries*), which shall survive such termination.

ARTICLE 9 GENERAL

9.1 Survival. All representations, warranties, covenants and agreements of the Vendors or the Purchaser made in this Agreement or any other agreement, certificate or instrument delivered pursuant to this Agreement shall merge and shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement. For greater certainty, the following Sections shall survive Closing: 2.2 (*Assumption of Assumed Liabilities*), 2.3(6) (*Intercompany Corporate Services*), 2.4(4) (*Post-Closing Assignment*), 3.34 (*Allocation of Purchase Price*), 3.5 (*Taxes*), 3.6 (*Tax Elections*), 4.2(6) (*Commissions*), 4.3 (*As is, Where is*), 5.3 (*Transaction Personal Information*), 5.6 (*Books and Records*), 7.3 (*Monitor's Certificate*), 9.1 (*Survival*), 9.2 (*Expenses*), 9.3 (*Public Announcements*), 9.4 (*Notices*), 9.5 (*Time of Essence*), 9.6 (*Further Assurances*), 9.7 (*Post-Closing Wind-Up of CCAA Proceedings*), 9.8 (*Entire Agreement*), 9.9 (*Amendment*), 9.10 (*Waiver*), 9.11 (*Severability*), 9.12 (*Remedies Cumulative*), 9.13 (*Governing Law*), 9.14 (*Dispute Resolution*), 9.15 (*Attornment*), 9.16 (*Successors and Assigns*), 9.17 (*Assignment*), 9.18 (*Monitor's Capacity*) and 9.19 (*Third Party Beneficiaries*).

9.2 Expenses. Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses (including any Taxes imposed on such expenses) incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisers). Notwithstanding the forgoing, the cost of retaining a notary and a land surveyor, if necessary, in connection with the preparation of the legal descriptions of any real property subject to the Real Property Leases shall be borne by the Purchaser.

9.3 Public Announcements. The Vendors shall be entitled to disclose this Agreement (on an unredacted basis) and all information provided by the Purchaser in connection herewith to the Court and parties of interest in the CCAA Proceedings and a copy of this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Notwithstanding any other provision of this Agreement, unless such information is otherwise publicly disclosed or, upon the advice of counsel, required by Applicable Law or by any Governmental Authority to be disclosed (including in any Tax Returns), the Purchaser shall not disclose the quantum of the Purchase Price, Cash Purchase Price, Assumed Liabilities or allocation of Purchase Price without the prior written consent of the Vendors and the Monitor.

9.4 Notices.

- (1) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if: (a) delivered personally; (b) sent by prepaid courier service; or (c) sent by e-mail or other similar means of electronic communication, in each case to the applicable address set out below:

(2) if to the Vendors, to:

Morris Industries Ltd.
c/o Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

Attention: Orest Konowalchuk / Chad Artem

Email: okonowalchuk@alvarezandmarsal.com / cartem@alvarezandmarsal.com

with a copy (which shall not constitute notice) to:

MLT Aikins LLP
Suite 1201 - 409 3rd Avenue S, Saskatoon, Saskatchewan S7K 5R5

Attention: Jeff Lee / Ryan Hallman

Email: jmlee@mltaikins.com / rhallman@mltaikins.com

(3) if to the Purchaser, to:

102114983 Saskatchewan Ltd.

1500 –1874 Scarth Street
Regina, Saskatchewan, S4P 4E9

Attention: Heather Forbes / Cameron Johnson

Email: heather@ritewaymfg.com / cameron.johnson@johnsonadvisory.ca

with a copy (which shall not constitute notice) to:

OWZW LLP
1000-2002 Victoria Avenue
Regina, Saskatchewan, S4P 0R7

Attention: Randy Sandbeck, Q.C.

Email: rsandbeck@owzw.com

(4) and in either case, with a copy to the Monitor, to:

Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

Attention: Orest Konowalchuk / Chad Artem

Email: okonowalchuk@alvarezandmarsal.com / cartem@alvarezandmarsal.com

with a copy (which shall not constitute notice) to:

MLT Aikins LLP

Suite 1201 - 409 3rd Avenue S, Saskatoon, Saskatchewan S7K 5R5

Attention: Jeff Lee / Ryan Hallman

Email: jmlee@mltaikins.com / rhallman@mltaikins.com

- (5) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of e-mailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, e-mailed or sent before 5:00 p.m. (Saskatoon time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.
- (6) *Change of Address.* Any Party may from time to time change its address under this Section 9.4 by notice to the other Party given in the manner provided by this Section 9.4.

9.5 Time of Essence. Time shall be of the essence of this Agreement in all respects.

9.6 Further Assurances. The Vendors and the Purchaser shall, at the sole expense of the requesting Party, from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

9.7 Post-Closing Wind-Up of CCAA Proceedings. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall operate to restrict in any way the rights of the Vendors to distribute any of their assets or otherwise wind up the CCAA Proceedings as they may determine in their sole discretion after the Closing, even if doing so may impair the Vendors' ability to provide or perform any further cooperation, assistance or further assurances as may otherwise be provided under this Agreement.

9.8 Entire Agreement. Other than any confidentiality agreement, non-disclosure agreement or similar undertaking or agreement signed by the Purchaser in favour of any of the Vendors, which remain in full force and effect, except as amended by this Agreement, this Agreement and the agreements contemplated hereby constitute the entire agreement between the Parties or any of them pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written (including any letter of intent or expression of interest submitted by the Purchaser). There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

9.9 Amendment. No amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

9.10 Waiver. A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver and then only in the specific instance and for the specific purpose for which it has been given. No waiver

shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

9.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.12 Remedies Cumulative. The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

9.13 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the Province of Saskatchewan and the Laws of Canada applicable therein.

9.14 Dispute Resolution. If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach of this Agreement for the purposes of Article 9, such dispute shall be determined by the Court within the CCAA Proceedings, or by such other Person or in such other manner as the Court may direct. Without prejudice to the ability of any of the Vendors or the Purchaser to enforce this Agreement in any other proper jurisdiction, the Purchaser and the Vendors irrevocably submit and attorn to the non-exclusive jurisdiction of the Court.

9.15 Attornment. Each Party agrees: (a) that any Legal Proceeding relating to this Agreement must be brought in the Court, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (b) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Province of Saskatchewan on any jurisdictional basis, including *forum non conveniens*; and (c) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section 9.15. Each Party agrees that service of process on such Party as provided in Section 9.4 shall be deemed effective service of process on such Party.

9.16 Successors and Assigns. This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

9.17 Assignment. Prior to the granting of the Approval and Vesting Order, the Purchaser may assign all of its rights and obligations under this Agreement to an Affiliate, provided that: (a) the Purchaser shall remain liable to perform all of its obligations hereunder; and (b) the Purchaser and its assignee execute and deliver to the Vendors an assignment and assumption agreement, in form and substance satisfactory to the Vendors, evidencing such assignment. Other than in accordance with the preceding sentence, the Purchaser may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement.

9.18 Monitor's Capacity. The Purchaser acknowledges and agrees that the Monitor, acting in its capacity as the Monitor of certain of the Vendors in the CCAA Proceedings, will have no

Liability in connection with this Agreement whatsoever in its capacity as Monitor, in its personal or corporate capacity or otherwise.

9.19 Third Party Beneficiaries. Except as set forth in Section 5.5, this Agreement is for the sole benefit of the Parties, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.20 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

MORRIS INDUSTRIES LTD., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC. (Alvarez & Marsal Canada Inc. is signing in its capacity as Monitor and not in its personal or corporate capacity)

By: 
Name: Orest Konowalchuk, LIT
Title: Senior Vice President

CONTOUR REALTY INC., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC. (Alvarez & Marsal Canada Inc. is signing in its capacity as Monitor and not in its personal or corporate capacity)

By: 
Name: Orest Konowalchuk, LIT
Title: Senior Vice President

102114983 SASKATCHEWAN LTD.

By: 
Name: Heather Fisher
Title: President

By: _____
Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

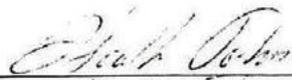
MORRIS INDUSTRIES LTD., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC. (Alvarez & Marsal Canada Inc. is signing in its capacity as Monitor and not in its personal or corporate capacity)

By: 
Name: Orest Konowalchuk, LIT
Title: Senior Vice President

CONTOUR REALTY INC., by and through its Court-appointed Monitor, ALVAREZ & MARSAL CANADA INC. (Alvarez & Marsal Canada Inc. is signing in its capacity as Monitor and not in its personal or corporate capacity)

By: 
Name: Orest Konowalchuk, LIT
Title: Senior Vice President

102114983 SASKATCHEWAN LTD.

By: 
Name: Heather Fisher
Title: President

By: 
Name: Cameron Johnson
Title: CEO

SCHEDULE "A"

PURCHASED ASSETS

"Purchased Assets" means, other than Excluded Assets, collectively the following assets of the Vendors (or any of them):

- i. The Assigned Contracts;
- ii. All rights and interests in and to the premises leased pursuant to the Real Property Leases, including prepaid rents, security deposits and options to renew or purchase, rights of first refusal or other similar rights or benefits under the Real Property Leases and all leasehold improvements forming part of such premises;
- iii. The Owned Real Property;
- iv. The Personal Property;
- v. The Receivables of each of the Vendors which are Related to the Business and which accrue from and after the Closing Time (but, for greater certainty, does not include any Receivables which are Related to the Business and which are invoiced by, and/or become payable to, the Vendors prior to the Closing Time);
- vi. The Permits and Licences;
- vii. The Books and Records that are Related to the Business;
- viii. The Intellectual Property; and
- ix. All proceeds of any or all of the foregoing received or receivable after the Closing Time.

SCHEDULE "B"
ASSIGNED CONTRACTS

Critical Contracts

- a) The BMO/FCC Mortgage
- b) The BMO Capital Lease

Real Property Leases

- a) nil

Personal Property Leases

- a) The BMO Capital Lease

SCHEDULE "C"

OWNED REAL PROPERTY

- a) Morris Industries Ltd.'s manufacturing plant and a nearby vacant site used for storage in Minnedosa, Manitoba, title to which is held by Morris Industries Ltd. as trustee for Contour Realty Inc. pursuant to a Bare Trust Declaration and Agreement dated August 1, 2013

Legal Description:

- i. All that portion of NW $\frac{1}{4}$ 2-15-18 WPM lying NELY of a line drawn parallel to and perp distant 120 feet NELY from the centre line of Railway Plan 301 NLTO exc: Railway Plan 302 NLTO
- ii. Parcel A Plan 5293 NLTO Exc Road Plan 5301 NLTO subject so special reservations as to mines minerals and other matters as particularly defined in the original grant from the Crown in SW $\frac{1}{4}$ 11-15-18 WPM
- iii. Lots 3 to 5 Block 23 Plan G NLTO Exc: Railway Plan 302 NLTO excepting thereout all mines and minerals vested in the Crown (Manitoba) by the Real Property Act in NW $\frac{1}{4}$ 2-15-18 WPM
- iv. Parcel 1: Lots 1 to 8 Block 24 Plan G NLTO exc: Out of Lot 6, Railway Plan 302 NLTO in NE $\frac{1}{4}$ 2-15-18 WPM and Parcel 3: Lots 2 to 4 Block 25 Plan G NLTO exc: Railway Plan 302 NLTO in NE $\frac{1}{4}$ 2-15-18 WPM

SCHEDULE "D"
PURCHASE PRICE ALLOCATION

| Purchased Asset | Purchase Price Allocation |
|--|---------------------------|
| The Assigned Contracts | [REDACTED] |
| The Owned Real Property | [REDACTED] |
| The Inventory | [REDACTED] |
| The Personal Property (other than Inventory) | [REDACTED] |
| The Permits and Licences | [REDACTED] |
| The Books and Records that are Related to the Business | [REDACTED] |
| The Intellectual Property | [REDACTED] |

[REDACTED]

SCHEDULE "E"
INTELLECTUAL PROPERTY

Trade-marks (whether or not registered, otherwise formally protected or the subject of a pending application for registration)

| Country | Serial Details | Mark |
|----------------|------------------------|-------------------------------|
| CANADA | Application 1945749 | BALE TITAN RXR |
| CANADA | Registration TMA854979 | ICT |
| CANADA | Registration TMA854978 | INPUT CONTROL |
| CANADA | Registration TMA243586 | M and Design |
| CANADA | Registration TMA447943 | MAXIM |
| CANADA | Registration TMA820429 | MORRIS 360 SERVICE and Design |
| CANADA | Registration TMA648608 | PROAG |
| CANADA | Registration TMA850941 | RAZR |
| CANADA | Application 1877486 | SHIELD CORE |
| | | |
| UNITED STATES | Application 88/317286 | BALE TITAN RXR |
| UNITED STATES | Registration 4511082 | MORRIS 360 SERVICE and Design |
| UNITED STATES | Registration 4686678 | RAZR |
| | | |
| AUSTRALIA | Registration 1449205 | MORRIS 360 SERVICE and Design |
| AUSTRALIA | Registration 951770 | PROAG |

Patents (whether or not registered, otherwise formally protected or the subject of a pending application for registration)

| Country | Serial Details | Title |
|----------------|-----------------------|---|
| CANADA | Patent 2419757 | LOCKING WING LIFT MECHANISM FOR FARM IMPLEMENTS |
| CANADA | Patent 2433461 | HAY BALE STACKER |
| CANADA | Patent 2431975 | PRODUCT DIVERTER VALVE AND COLLECTOR APPARATUS FOR AIR DRILL SEEDING SYSTEM |
| CANADA | Patent 2496216 | PNEUMATIC DISTRIBUTION SYSTEM FOR AIR SEEDERS |
| CANADA | Patent 2498503 | HYDRAULIC HOLDING CYLINDER FOR WING LIFT MECHANISM |
| CANADA | Patent 2644615 | COMBINATION HYDRAULIC HOLD-DOWN AND LIFT SYSTEM FOR AN AGRICULTURAL IMPLEMENT |
| CANADA | Patent 2637352 | SEED AND FERTILIZER PLACEMENT APPARATUS HAVING DOUBLE SHOOT SEED BOOT |
| CANADA | Patent 2768369 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| CANADA | Application 2990091 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| CANADA | Application 2871859 | MOLDED BOOT FOR DISPENSING SEEDS AND TREATMENT |

| | | |
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| CANADA | Application 2872214 | ANHYDROUS AMMONIA INJECTOR FOR DISK OPENER |
| CANADA | Application 2876644 | SENSOR FOR AIR CART METERING SYSTEM |
| CANADA | Application 2932805 | MULTI-TANK AIR CART TENDER WITH INDIVIDUAL TANK CONVEYORS |
| CANADA | Application 2943099 | WALKING BEAM FURROW CLOSING SYSTEM FOR DISC SEEDER |
| CANADA | Application 2954882 | AIR SEEDER HAVING INDIVIDUALLY CONTROLLABLE METERING WHEELS IN COMMON METER BODY |
| UNITED STATES | Patent 6761228 | LOCKING WING LIFT MECHANISM FOR FARM IMPLEMENTS |
| UNITED STATES | Patent 6997663 | HAY BALE STACKER |
| UNITED STATES | Patent 6834599 | PRODUCT DIVERTER VALVE AND COLLECTOR APPARATUS FOR AIR DRILL SEEDING SYSTEM |
| UNITED STATES | Patent 7162962 | PNEUMATIC DISTRIBUTION SYSTEM FOR AIR SEEDERS |
| UNITED STATES | Patent 7073604 | HYDRAULIC HOLDING CYLINDER FOR WING LIFT MECHANISM |
| UNITED STATES | Patent 7617782 | SEED AND FERTILIZER PLACEMENT APPARATUS HAVING DOUBLE SHOOT SEED BOOT |
| UNITED STATES | Patent 8915200 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |

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| UNITED STATES | Patent 9578801 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| UNITED STATES | Patent 10058021 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| UNITED STATES | Patent 9717173 | MOLDED BOOT FOR DISPENSING SEEDS AND MULTIPLE TREATMENTS |
| UNITED STATES | Application 15/461273 | MOLDED BOOT FOR DISPENSING SEEDS AND MULTIPLE TREATMENTS |
| UNITED STATES | Patent 9497899 | SENSOR FOR AIR CART METERING SYSTEM |
| UNITED STATES | Application 15/178067 | MULTI-TANK AIR CART TENDER WITH INDIVIDUAL TANK CONVEYORS |
| UNITED STATES | Patent 9943030 | WALKING BEAM FURROW CLOSING SYSTEM FOR DISC SEEDER |
| UNITED STATES | Patent 10080324 | AIR SEEDER HAVING INDIVIDUALLY CONTROLLABLE METERING WHEELS IN COMMON METER BODY |
| UNITED STATES | Application 15/794987 | AGRICULTURAL SEEDER |
| UNITED STATES | Application 16/041488 | AUTONOMOUS AGRICULTURAL IMPLEMENT WITH MODULAR PRODUCT CONTAINER |
| UNITED STATES | Application 16/041503 | AGRICULTURAL SYSTEM WITH AUTOMATED INTERCHANGE OF MODULAR PRODUCT CONTAINERS |

| | | |
|---------------|-----------------------|---|
| UNITED STATES | Application 16/041513 | PORTABLE STATION FOR MODULAR AGRICULTURAL PRODUCT CONTAINERS |
| UNITED STATES | Patent 10433477 | SYSTEM AND COMPUTER-IMPLEMENTED METHOD FOR FACILITATING TRANSFERS OF PRODUCT CONTAINERS BETWEEN A STATION AND AN AUTONOMOUS MACHINE |
| UNITED STATES | Application 62/614156 | SOIL OPENER WITH COMPOUND CARBIDE PROTECTION |
| UNITED STATES | Application 62/614161 | CARBIDE CLAD HARROW TINE |
| UNITED STATES | Application 62/628549 | AGRICULTURAL IMPLEMENT FRAME ASSEMBLY |
| UNITED STATES | Application 62/628558 | MOUNTING BRACKET FOR AGRICULTURAL ROW UNIT |
| UNITED STATES | Application 62/838777 | HIGH SPEED AGRICULTURAL SEEDER |
| AUSTRALIA | Patent 2002241822 | HAY BALE STACKER |
| AUSTRALIA | Patent 2003204701 | PRODUCT DIVERTER VALVE AND COLLECTOR APPARATUS FOR AIR DRILL SEEDING SYSTEM |
| AUSTRALIA | Patent 2005201460 | PNEUMATIC DISTRIBUTION SYSTEM FOR AIR SEEDERS |
| AUSTRALIA | Patent 2005201459 | HYDRAULIC HOLDING CYLINDER FOR WING LIFT MECHANISM |
| AUSTRALIA | Patent 2007308706 | COMBINATION HYDRAULIC HOLD-DOWN AND LIFT SYSTEM FOR AN AGRICULTURAL IMPLEMENT |

| | | |
|-----------|------------------------|--|
| AUSTRALIA | Patent 2008203021 | SEED AND FERTILIZER PLACEMENT APPARATUS HAVING DOUBLE SHOOT SEED BOOT |
| AUSTRALIA | Patent 2012200946 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| AUSTRALIA | Patent 2014227499 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| AUSTRALIA | Application 2017251799 | SEEDER WITH METERING SYSTEM HAVING SELECTIVELY POWERED METERING SECTIONS |
| AUSTRALIA | Application 2014265086 | MOLDED BOOT FOR DISPENSING SEEDS AND TREATMENT |
| AUSTRALIA | Application 2017210555 | MOLDED BOOT FOR DISPENSING SEEDS AND TREATMENT |
| AUSTRALIA | Application 201710555 | MOLDED BOOT FOR DISPENSING SEEDS AND MULTIPLE TREATMENTS |
| AUSTRALIA | Patent 2015200000 | SENSOR FOR AIR CART METERING SYSTEM |
| AUSTRALIA | Application 2016203915 | MULTI-TANK AIR CART TENDER WITH INDIVIDUAL TANK CONVEYORS |
| AUSTRALIA | Application 2016231605 | WALKING BEAM FURROW CLOSING SYSTEM FOR DISC SEEDER |
| AUSTRALIA | Application 2017200246 | AIR SEEDER HAVING INDIVIDUALLY CONTROLLABLE METERING WHEELS IN COMMON METER BODY |

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|-------|--------------------------------------|-----------------------------------|
| OTHER | German Patent 60246404.8 | HAY BALE STACKER |
| OTHER | French Patent 1353822 | HAY BALE STACKER |
| OTHER | United Kingdom Patent 1353822 | HAY BALE STACKER |
| OTHER | Italian Patent 502014902297079 | HAY BALE STACKER |
| OTHER | PCT Application PCT/CA2017/051279 | AGRICULTURAL SEEDER |
| OTHER | PCT Application PCT/2018/050888 | AUTONOMOUS AGRICULTURAL SYSTEM |

SCHEDULE "F"
RITE WAY/RW ROADS INVOICES

(see attached)

Appendix B
Form of Promissory Note

PROMISSORY NOTE

I, the undersigned, hereby acknowledge and confirm the receipt of the sum of \$ _____ (CDN) (the “**Principal Amount**”).

FOR VALUE RECEIVED, I, the undersigned, hereby promise to pay to the order of **CONTOUR REALTY INC.**, by and through its Court-appointed Monitor, **ALVAREZ & MARSAL CANADA INC.**, the Principal Amount, which Principal Amount is payable upon demand without interest.

DATED effective as of the ____ day of January, 2021.

Name: _____
(please sign on the line above and clearly print your complete legal name)

Appendix C

Eleventh Cash Flow Forecast to February 12, 2021

MORRIS GROUP
10 Week Cash Flow Forecast
For the Period December 7, 2020 to February 12, 2021
(In CAD \$000s)

| <i>Week ended</i> | <i>Notes</i> | Week 1 | Week 2 | Week 3 | Week 4 | Week 5 | Week 6 | Week 7 | Week 8 | Week 9 | Week 10 | Week 1 to 10 |
|---|--------------|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|------------------|-----------------|------------------|---------------------|
| | | 11-Dec-20 | 18-Dec-20 | 25-Dec-20 | 1-Jan-21 | 8-Jan-21 | 15-Jan-21 | 22-Jan-21 | 29-Jan-21 | 5-Feb-21 | 12-Feb-21 | Total |
| Receipts | | | | | | | | | | | | |
| Whole goods and parts collections | 1 | \$ 15 | \$ 592 | \$ 838 | \$ 15 | \$ 15 | \$ 467 | \$ 5 | \$ 53 | \$ 3,389 | \$ 2,368 | \$ 7,758 |
| Sale of excess inventory | 2 | 34 | - | - | - | - | - | - | - | - | - | 34 |
| Canada Emergency Wage and Rent Subsidy receipts | 3 | 6 | - | 45 | - | - | - | 46 | - | - | - | 97 |
| Recovery of Wage Earner Protection Program eligible amounts | 4 | - | - | - | - | - | - | - | - | - | 402 | 402 |
| Total Receipts | | 55 | 592 | 883 | 15 | 15 | 467 | 51 | 53 | 3,389 | 2,771 | 8,291 |
| Disbursements | | | | | | | | | | | | |
| Production costs | 5 | 189 | 185 | 35 | 25 | 10 | - | - | - | - | - | 444 |
| Operating expenses | 6 | 81 | 48 | 23 | 10 | 26 | 40 | 6 | - | - | 18 | 250 |
| Insurance costs | 7 | - | - | - | 33 | - | - | - | 8 | - | - | 41 |
| Union settlement | 8 | - | - | - | - | 402 | 170 | - | - | - | - | 572 |
| Payroll and pension costs | 9 | 327 | - | 325 | 70 | 195 | - | 24 | 20 | 24 | - | 986 |
| Rent and property taxes | 10 | - | - | - | 54 | 7 | - | - | 23 | 7 | - | 91 |
| Other operating costs | 11 | 6 | 27 | 59 | 17 | 2 | 25 | 59 | 2 | - | - | 197 |
| DIP interest, fees and costs | 12 | - | - | - | 58 | - | - | - | 64 | - | - | 121 |
| PMSI priority payments | 13 | - | - | - | - | - | - | - | - | - | 254 | 254 |
| Professional fees and costs | 14 | 180 | - | 290 | - | - | 113 | - | - | 223 | 111 | 916 |
| Total Operating Disbursements | | 782 | 260 | 733 | 265 | 642 | 347 | 89 | 116 | 254 | 383 | 3,873 |
| Net Cash Flow | | \$ (728) | \$ 331 | \$ 150 | \$ (250) | \$ (627) | \$ 120 | \$ (38) | \$ (63) | \$ 3,135 | \$ 2,388 | \$ 4,418 |
| EDC Insured Foreign Receivable Previously Collected | | | | | | | | | | | | |
| Opening cash balance | 15 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 | \$ 7,483 |
| Draws on Foreign Receivable previously collected | | - | - | - | - | - | - | - | - | - | - | - |
| Ending cash available | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interim Financing Availability (Max) | | | | | | | | | | | | |
| Opening balance | 12 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ 6,500 |
| DIP draw (repayments) | | 5,285 | 6,013 | 5,681 | 5,531 | 5,781 | 6,408 | 6,288 | 6,326 | 6,390 | 3,254 | 5,285 |
| Ending balance | | 728 | (331) | (150) | 250 | 627 | (120) | 38 | 63 | (3,135) | (2,388) | (4,418) |
| Remaining Interim Financing Availability | | \$ 6,013 | \$ 5,681 | \$ 5,531 | \$ 5,781 | \$ 6,408 | \$ 6,288 | \$ 6,326 | \$ 6,390 | \$ 3,254 | \$ 866 | \$ 866 |

NOTES AND ASSUMPTIONS

10 Week Cash Flow Forecast

Notice to Reader

The weekly cash flow projections for the Morris Group and its related entities has been prepared by Management based on unaudited financial information, and management's estimates of its projected receipts and disbursements. Users 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 projection includes estimates and assumptions discussed below with respect to operations and certain asset sales and for clarity are under the assumption that Morris Group continues to operate within the protections afforded as a result of the CCAA Order granted on January 8th, 2020 and as 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.

- 1 Whole goods collections include previously shipped whole goods products and committed orders not yet shipped. Parts collections have declined reflecting the end of the seeding season and are consistent with historical performance. The Company expects receipts from the Australian Dealer in December 2020 totalling approximately \$480,000, receipts in January 2021 totalling approximately \$485,000 and receipts in February 2021 totally approximately \$80,000. Additionally, the Company is expected to produce approximately \$6.6 million in cash receipts over the Forecast Period under the Australian Sales Agreement with SFLP.
- 2 Sale of excess inventory consists of estimated net proceeds from the return of the remaining unused equipment to third party equipment manufacturers.
- 3 Canada Emergency Wage Subsidy ("CEWS") receipts of \$2.4 million were received during the CCAA Period following the approval of eight applications. A ninth and tenth application are expected to be submitted in the Forecast Period, with corresponding receipts collected in December and January. The first application for Canada Emergency Rent Subsidy ("CERS") was submitted and receipts of \$11,500 are expected in December. A second and third application are expected to be submitted in the Forecast Period, with corresponding receipts collected in December and January.
- 4 Recovery of Wage Earner Protection Program ("WEPP") eligible amounts include reimbursement from Service Canada for payments made by the Company to the Union for severance entitlements amounts expected in February 2021.
- 5 Production costs include approximately \$444,000 of raw material purchases for the Australian order production described in Note 1. The combination of timing of orders being placed for the Australian Dealer and the collection of the accounts receivable owed by the Australian Dealer and separately but primarily, SFLP, has had a significant impact on the Companies' working capital. As a result of these working capital constraints, the Company will be unable to order the raw materials required to produce whole goods and parts to meet its sales forecast for 2021. In order to satisfy its production requirements, the Company intends to enter into an agreement with SFLP whereby SFLP will order raw materials for the Company. The Company anticipates that it will need to order (through SFLP) approximately \$2.0 million of raw materials over the next month in order to meet forecast demand up to the anticipated Closing Date of the SFLP Transaction.
- 6 Estimated costs associated with ongoing production and operating activities.
- 7 Insurance includes group and corporate insurance policies with scheduled monthly payments.
- 8 The union settlement contemplates payments to the terminated Yorkton union employees in exchange for a letter of understanding to amend the collective bargaining agreement.
- 9 The Work Share program effectively reducing hours to 80% has been extended through to March 27, 2021. Eight applications for government relief under the Canada Emergency Wage Subsidy program were submitted and accepted between the months of June and November 2020 and subsidies have been received by the Company. A ninth and tenth application are anticipated in December with the corresponding subsidies expected to be received in December and January.
- 10 Rent includes lease payments for all of Morris' currently occupied premises as well as 2020 property taxes.
- 11 Other operating costs includes payments of WCB insurance, bank fees, utilities, software, IT, travel and related costs.
- 12 Legal professional fees and costs associated with securing and servicing the necessary in place DIP Facility, which bears an interest rate of 12%.
- 13 Purchase money security interest relating to two Kubota units and four DLL-financed units sold through the Ritchie Bros. auction.
- 14 Expected professional fees to be incurred by Morris' professional and legal advisors as well as the CCAA Monitor and Monitor's counsel's fees, which are inclusive of anticipated bankruptcy retainers.
- 15 The EDC insured foreign receivables collected to date total \$7.5 million and represent the net accounts receivable, which have all been paid to the Company by the Monitor's legal counsel to fund payments approved by the Monitor.

Appendix D

Summary of the Monitor and its Legal Counsel's Fees and Costs

Morris Group
Summary of the Monitor's and its Counsel's Statements of Account
For the period November 1, 2020 to November 30, 2020

| Invoice | Period | Fees | Disbursements | Sub-total | GST | PST | Total |
|------------------------------------|---------------|----------------------|----------------------|----------------------|---------------------|--------------------|----------------------|
| Alvarez & Marsal Canada | | | | | | | |
| Corporate Restructuring | | | | | | | |
| 12 | Nov.1-30/20 | 151,687.50 | 41.98 | 151,729.48 | 7,586.47 | - | 159,315.95 |
| Corporate Finance | | | | | | | |
| 12 | Nov.1-30/20 | 60,718.75 | - | 60,718.75 | 3,035.94 | - | 63,754.69 |
| Total | | | | | | | |
| 12 | Nov.1-30/20 | \$ 212,406.25 | \$ 41.98 | \$ 212,448.23 | \$ 10,622.41 | \$ - | \$ 223,070.64 |
| MLT Aikins LLP | | | | | | | |
| 11 | Nov.1-30/20 | 52,811.50 | 749.50 | 53,561.00 | 2,677.05 | 3,168.69 | 59,406.74 |
| | | \$ 52,811.50 | \$ 749.50 | \$ 53,561.00 | \$ 2,677.05 | \$ 3,168.69 | \$ 59,406.74 |