

Sale and Investment Solicitation Process

The Second Cup Coffee Company Inc. (the “Debtor”)

Introduction

1. On May 22, 2025, the Debtor was granted an initial order (as amended or amended and restated on May 29, 2025, and from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Ontario Superior Court of Justice (the “**Court**”). The Initial Order, among other things:
 - a. stayed all proceedings against the Debtor, its assets and its directors and officers;
 - b. appointed Maxim Lojevsky as chief restructuring officer of the Debtor (in such capacity, the “**CRO**”); and
 - c. appointed Grant Thornton Limited as the monitor of the Debtor (in such capacity, the “**Monitor**”).
2. Further to the Debtor’s restructuring efforts, the Monitor will conduct the sale and investment solicitation process (the “**SISP**”) described herein, with the assistance of the Debtor and the CRO, and pursuant to the Order of the Court dated August 21, 2025 (the “**SISP Order**”). The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the Debtor’s assets and/or the business by way of merger, reorganization, recapitalization, primary equity issuance or other similar transactions. The Monitor intends to provide all Potential Bidders (as defined herein) an opportunity to participate in the SISP.
3. Arbat Capital Group Ltd. (the “**Stalking Horse Bidder**”) and the Debtor entered into a term sheet dated as of May 16, 2025 (as subsequently amended and restated, the “**DIP Term Sheet**”) pursuant to which the Stalking Horse Bidder extended an interim finance facility to the Debtor in the maximum aggregate principal amount of \$1,500,000 (the “**DIP Facility**”).
4. The SISP Order also approves the stalking horse agreement between the Debtor and the Stalking Horse Bidder or its nominee dated on or about August 15, 2025 (as may be amended from time to time, the “**Stalking Horse Subscription Agreement**”), under which the Stalking Horse Bidder agreed to subscribe to and purchase all of the Debtor’s share capital, and act as the stalking horse bid in the SISP (the “**Stalking Horse Bid**”). The Stalking Horse Bid shall automatically be considered a Qualified Bid (as defined herein) for the purposes of the Auction (as defined herein).

Opportunity

5. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Debtor’s assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Debtor as a going concern or a sale of all, substantially all or

one or more components of the Debtor's assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise, or some combination thereof (each, a "**Transaction**").

6. This document describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a "**Person**") may gain access to, or continue to have access to due diligence materials concerning the Debtor, the Property and the Business, how bids involving the Debtor, the Property or the Business will be submitted to, and dealt with by the Monitor, and how Court approval will be obtained in respect of a Transaction.
7. The SISP contemplates a one-stage process that involves the submission by interested parties of Bids by the Bid Deadline (as defined below).
8. Any sale (or sales) of the Property or the Business or portions thereof will be on an "**as is, where is**" basis without surviving representations or warranties of any kind, nature, or description by the Monitor or the Debtor, or any of their respective agents or advisors, except for, the representations and warranties in the Stalking Horse Subscription Agreement.
9. In the event of a sale, to the extent permitted by law and subject to obtaining a court order, all of the rights, title and interests of the Debtor in and to the Property or the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**"), except for retained Claims and Interests, pursuant to section 36(6) of the CCAA, such Claims and Interests will attach to the net proceeds of the sale of such Property or Business and/or excluded assets, as applicable (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant Transaction documents with a Successful Bidder (as defined below) or the Sale Approval Order.
10. In the SISP, (i) "**Business Day**" means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase, "without limitation".

Timeline

11. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Publication of Notice and Delivery of NDA and Teaser Letter to Known Potential Bidders	Within 5 days following the granting of the SISP Order
Bid Deadline	September 30, 2025
Auction Date (if applicable)	3 business days after the Bid Deadline

Sale Approval Motion (as defined below) in Court	Within 14 days of completion of the Auction or the Bid Deadline.
Closing of the Transaction	10 days after the granting of the Sale Approval Order

12. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with such extensions or amendments shall be posted on the website the Monitor maintains in respect of the CCAA Proceedings.

Solicitation of Interest: Notice of the SISP

13. Within 5 days following the granting of the SISP Order:
- the Monitor will prepare a list of potential bidders, including (i) parties that have approached the CRO, the Debtor or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Monitor believes may be interested in a Transaction pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, “**Known Potential Bidders**”);
 - the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor considers appropriate) (the “**Notice**”) to be published in Insolvency Insider, the Monitor’s website, and any other newspaper, journal, website or media outlet as the Monitor, consider appropriate, if any; and
 - the Monitor will prepare: (i) a letter (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement (an “**NDA**”).
14. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder within 5 days following the SISP Order, if granted by the Court, and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Debtor, CRO or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

15. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), other than the Stalking Horse Bidder, must provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
16. The Monitor shall in its discretion, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a Transaction such access to due diligence material and information relating to the Property and Business as the Monitor deem appropriate. Due diligence shall include access to the virtual data room (“**VDR**”) containing documentary materials reasonably likely to be relevant

to Potential Bidders in their assessment of the Opportunity, and may also include other information which a Potential Bidder may reasonably request and as to which the Monitor, in its reasonable judgment may determine relevant. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Debtor, the CRO nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Neither the Debtor, the CRO nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the sale of the Property and the Business.

17. The Monitor may limit the access of any Potential Bidder to any information in the VDR where the Monitor reasonably determines that such access could negatively impact the SISP, the ability to maintain the confidentiality of the information, the Business, the Property or their value.
18. The Debtor, the CRO, the Monitor and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter, or otherwise made available pursuant to the SISP. Potential Bidders must rely solely on their own independent review, due diligence, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any Transaction and/or investment they enter into with the Debtor.
19. At any time during the SISP, the Monitor may, in its reasonable judgment eliminate a Participating Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a "Potential Bidder" for the purposes of the SISP.

Protective Steps for Insider Involvement

20. No later than 10 days after the date on which the SISP Order is granted, if any officer, director, employee, or equity holder of the Debtor (each, an "**Insider**") intends to become, support, partner with, or acquire a direct or indirect equity interest in a Potential Bidder, or has or wishes to have any direct or indirect involvement or participation in any Qualified Bid ("**Insider Involvement**"), such Insider shall disclose in writing to the Monitor its Insider Involvement.
21. Any Insider that has Insider Involvement (a "**Participating Insider**") shall undertake and certify in writing to the Monitor (in the form required by the Monitor) that the Participating Insider will not take any steps to affect or impair the integrity of the SISP, including by providing inaccurate or incomplete information to Potential Bidders or by discouraging Potential Bidders from participating fully in the SISP.
22. The Stalking Horse Bidder, is a Participating Insider for the purpose of the SISP, without further act or formality.
23. To the extent that any Participating Insider is required to communicate with, provide information to, or answer questions from other Potential Bidders, the Monitor may implement other protective steps to ensure that other Potential Bidders can effectively participate in the

SISP.

24. Until a Successful Bid and Back-Up Bid (as defined below), if any, are selected, Participating Insiders shall not be provided with information about:
- a. the identities of other Potential Bidders;
 - b. the identities of parties that submit a Bid; and
 - c. the terms of any Bid or Qualified Bid.
25. Further, any Participating Insider that submits a Bid shall not participate in the Monitor's review or consideration of any Qualified Bid, the selection of a Successful Bid or Back-Up Bid, or the negotiation of final Transaction document(s).
26. Despite the restrictions on Participating Insiders contained above, the Monitor, in its sole discretion, may communicate with, disclose necessary information to, or seek information from Participating Insiders for the purposes of overseeing the SISF, evaluating Qualified Bids and bids in the Auction selecting a Successful Bid and Back-Up Bid, and finalizing the final Transaction document(s).
27. If a Participating Insider, other than the Stalking Horse Bidder, wishes to irrevocably cease Insider Involvement and entirely withdraw from the SISF, it may deliver written notice of such intention to the Monitor, at which time the Insider shall cease to be a Participating Insider and shall (subject to the Monitor's consent and the other terms of this SISF) be permitted to receive the information described in Paragraph 24.

Formal Bids

28. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Debtor or its Property or Business (a "**Bidder**") shall submit a Bid (a "**Bid**") that complies with all of the following requirements to the Monitor and its counsel at the addresses specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST)** on September 30, 2025, or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders (the "**Bid Deadline**"):
- a. the Bid must be either a Bid to:
 - i. acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); and/or
 - ii. make an investment in, restructure, reorganize or refinance the Business or the Debtor (an "**Investment Proposal**"); or
 - iii. carry out any combination of a Sale Proposal and an Investment Proposal by one or more parties acting together or separately;
 - b. the Bid (either individually or in combination with other bids that make up one bid)

is an offer to purchase or make an investment in the Debtor or its Property or Business and is consistent with any necessary terms and conditions established by the Monitor and communicated to Bidders;

- c. the Bid includes a letter stating that the Bidder's offer is irrevocable until the selection of the Successful Bidder, provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the Transaction with the Successful Bidder;
- d. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the "**Purchase Price**"), together with all exhibits and schedules thereto;
- e. the Bid is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a non- interest bearing trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;
- f. the Bid includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed Transaction, that will allow the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed Transaction;
- g. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing;
- h. the Bid fully discloses the identity of each entity that will be entering into the Transaction or the financing, or that is otherwise participating or benefiting, directly or indirectly, from such Bid;
- i. for a Sale Proposal, the Bid includes:
 - i. the purchase price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;
 - ii. a description of the Property that is expected to be subject to the Transaction and any of the Property expected to be excluded;
 - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the Transaction;
 - iv. a description of the conditions and approvals required to complete the closing of the Transaction;
 - v. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and

obligations it does not intend to assume; and

- vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the Transaction.

j. for an Investment Proposal, the Bid includes:

- i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
- ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Debtor in Canadian dollars.
- iii. the underlying assumptions regarding the *pro forma* capital structure;
- iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the Transaction;
- v. a description of the conditions and approvals required for the Bidder to complete the closing of the Transaction;
- vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
- vii. any other terms or conditions of the Investment Proposal.

k. the Bid includes acknowledgements and representations of the Bidder that the Bidder:

- i. is completing the Transaction on an “as is, where is” basis;
- ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Debtor prior to making its Bid;
- iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
- iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Debtor and CRO or the completeness of any information provided in connection therewith, except as expressly stated in the definitive Transaction agreement(s) signed by the Debtor;

l. the Bid is received by the Bid Deadline; and

- m. the Bid contemplates closing the Transaction set out therein 10 days following the granting of the Sale Approval Order.
 - n. a duly authorized and executed copy of a proposed purchase agreement and a redline of the Potential Bidder's proposed purchase agreement reflecting variations from the form of purchase agreement uploaded to the VDR (the "**Modified Purchase Agreement**");
 - o. there shall be no provision within the Modified Purchase Agreement requesting or entitling the Potential Bidder to any termination or break-up fee, expense reimbursement or similar type of payment;
29. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Bids received shall be deemed to be Qualified Bids without the approval of the Monitor. Only Bidders whose Bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
30. The Stalking Horse Bid is deemed to be a Qualified Bid.
31. The Monitor may only designate a Bid as a Qualified Bid where the proposed purchase price is equal to or greater than that contained in the Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the purchase price contained in the Stalking Horse Bid, plus CAD\$250,000. The Monitor shall, upon request by a Potential Bidder, provide the Potential Bidder with an estimate of the purchase price contained in the Stalking Horse Bid as of the Bid Deadline.
32. The Monitor may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. Neither the Monitor nor the CRO will be under any obligation to negotiate identical terms with, or extend identical terms to, each Bidder.
33. The Monitor shall notify each Bidder in writing as to whether its Bid constitutes a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.
34. The Monitor may aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Qualified Bids

35. A Qualified Bid will be evaluated by the Monitor based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such Bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transactions, (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the Bid, (vi) any related restructuring costs, (vii) the likelihood and timing of consummating such Transaction, and (viii) any other factor deemed relevant by the Monitor.

36. If no Qualified Bids are received by the Monitor, the Stalking Horse Bid shall be the Successful Bid (as defined below) and the SISP shall not proceed to an Auction.

Auction

37. If the Monitor receives at least one Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conference, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
38. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the “**Qualified Parties**” and each a “**Qualified Party**”), shall be eligible to participate in the Auction. No later than **5:00 p.m. (EST)** on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform, in writing, each Qualified Party who has expressed its intent to participate in the Auction, of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bid shall be the Successful Bid (as defined below).

Auction Procedure

39. The Auction shall be governed by the following procedures:
- a. **Participation at the Auction.** Only the Debtor, represented by the CRO, the Qualified Parties, including the Stalking Horse Bidder, the Monitor and each of their respective advisors and legal counsel will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Parties with the details of the lead Bid by 5:00 PM (EST), one (1) Business Day after the Bid Deadline. Each Qualified Party must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;
 - b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the Bid process; and (ii) its Bid is a good-faith *bona fide* offer and it intends to consummate the proposed Transaction if selected as the Successful Bid;
 - c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor (the “**Initial Bid**”), and any Bid made at the Auction by a Qualified Party subsequent to the Monitor’s announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of CAD\$250,000 for the first Bid and then in cash increments of CAD\$50,000 for each subsequent Bid.

- d. **Bidding Order.** Prior to the first Overbid, the Monitor in its sole discretion will announce the order in which each remaining Qualified Party shall present its Overbid. A Qualified Party may not abstain from participating in an Auction bidding round. Failure to submit an Overbid at the designated time will result in an automatic disqualification from the Auction and immediate removal from the videoconference. The Monitor shall use its discretion in providing Bidders with an interval between Auction bidding rounds;
- e. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent Bid will be fully disclosed to all other Qualified Parties throughout the entire Auction by video conference room, or such other method of communication the Monitor advises; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal Bids will be delivered in one group video conference, on an open basis;
- f. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional Overbids with full knowledge and written confirmation of the then-existing highest Overbid(s);
- g. **Successful Bid.** Each Qualified Party will be given reasonable opportunity to submit an Overbid at the Auction to any then-existing Overbids. The Auction will continue until the bidding has concluded and there is one remaining Qualified Party. The Monitor shall determine, with reference to the factors set out in paragraph 34 herein, and any other factors the Monitor may reasonably deem relevant, which Qualified Party has submitted (i) the highest and best Bid of the Auction (the “**Successful Bid**”, and the Qualified Party making such Successful Bid, the “**Successful Bidder**”), and (ii) the next highest and otherwise second-best Overbid of the Auction (the “**Back-Up Bid**”, and the Bidder making such Back-Up Bid, the “**Back-Up Bidder**”); The Monitor is not required to select the offer with the highest purchase price and may, exercising their reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Monitor may give such weight to the non-monetary considerations as they determine, exercising their reasonable business judgment, as appropriate and reasonable under the circumstances.
- h. **Non-Cash Consideration.** Non-cash consideration may be offered by an Auction bidder, however, the Monitor is under no obligation to accept such non-cash consideration and has absolute discretion to determine the value of same;
- i. **No Post-Auction Bids.** No Bids will be considered for any purpose after the Auction has concluded.

- j. **Financial Wherewithal.** Within 48 hours of the conclusion of the Auction, the Successful Bidder and Back-Up Bidder shall provide the Monitor with evidence, at the Monitor's sole discretion to establish financial wherewithal with respect to each of their final bids.

40. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Credit Bidding

- 41. The Stalking Horse Bidder will be entitled pursuant to the Stalking Horse Subscription Agreement, including for greater certainty as part of the Auction, as the case may be, to credit bid or retain as retained liabilities all or part of the existing obligations owing to it pursuant to the DIP Facility, including all interest, costs and fees to which the Stalking Horse Bidder is entitled to under the DIP Term Sheet.

Transaction Documents

- 42. Completion and execution of definitive documentation in respect of such Successful Bid and Back-Up Bid, as applicable, must be finalized and executed as soon as possible after the close of the Auction, and in any event within five (5) calendar days after the close of the Auction, which definitive documentation will provide that the Successful Bidder will use all reasonable efforts to close the proposed Transaction by no later than ten (10) calendar days after granting of the Sale Approval Order, or such other period as may be agreed to by the Monitor, the Stalking Horse Bidder, and the Successful Bidder, subject to the terms hereof. In any event, such Successful Bid must be closed by no later than November 15, 2025 (the "**Outside Date**"). If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date (the "**Back-Up Bid Outside Date**") on which the Transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor determines. If the Transactions contemplated by the applicable Successful Bid have not closed by the Outside Date, or the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Monitor, in consultation with the Stalking Horse Bidder, may elect to seek to complete the Transactions contemplated by the applicable Back-Up Bid, and will promptly seek to close the Transaction contemplated by such Back-Up Bid, which will be deemed to be a Successful Bid. The Debtor will be deemed to have accepted such Back-Up Bid only when the Monitor has made such election.

Expense Reimbursement/Break Fee

- 43. To provide an incentive and to compensate the Stalking Horse Bidder for performing the due diligence and incurring the expenses necessary in entering into the Stalking Horse Bid with the knowledge and risk that arises from participating in the SISP and the bidding process, the Debtor has agreed to pay the Stalking Horse Bidder, subject to the terms outlined herein and in the Stalking Horse Bid, a reimbursement for its reasonable and documented out-of-pocket fees and expenses, in the amount of CAD\$150,000 inclusive of HST, in the event that the Stalking Horse Bidder is not the Successful Bidder (the "**Break Fee**").

44. The Break Fee is a material inducement for, and a condition of, the Stalking Horse Bidder's entry into the Stalking Horse Bid. The Break Fee, if payable under the Stalking Horse Bid, shall be paid in accordance with the Stalking Horse Bid and the Stalking Horse Subscription Agreement and SISP Approval Order.

Sale Approval Motion Hearing

45. At the hearing of the motion to approve any Transaction with a successful party (the "**Sale Approval Motion**"), the Monitor or the Debtor shall seek, among other things, approval from the Court to consummate any Successful Bid, through a vesting order and/or reverse vesting order (the "**Sale Approval Order**"). All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Debtor on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

46. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Debtor be contacted directly without the prior consent of the Monitor, and any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
47. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Debtor, the Monitor and such other Bidders or Potential Bidders in connection with the SISP, except to the extent the Debtor, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Parties. The Monitor shall obtain the consent of the Qualified Parties prior to aggregating their Bids into a Qualified Bid.

Supervision of the SISP

48. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.
49. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Debtor and/or the Monitor and any Potential Bidder, any Qualified Party, or any other Person, other than as specifically set forth in the NDA, or any other definitive agreement that may be entered into with the Debtor.
50. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Back-Up Bidder, the Debtor, the DIP Lender, or any other creditor

or other stakeholder of the Debtor, for any act or omission related to the process contemplated by this SISP, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a Bid, each Bidder, including the Successful Bidder and Back-Up Bidder, shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.

51. The Monitor shall have the right to modify the SISP (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in these CCAA proceedings shall be advised of any material modification to the procedures set forth herein. The Monitor will post on the Monitor's website, as soon as practicable, any such modification, amendment, variation or supplement to this SISP and inform the bidders impacted by such modifications.
52. Each participant in the SISP acknowledges and agrees that the Monitor shall have no liability whatsoever to any participant, Potential Bidder, or other Person in connection with the SISP, or any Bid submitted or not submitted, and expressly waives any and all claims, causes of action, or remedies against the Monitor arising therefrom, except to the extent resulting from the Monitor's gross negligence or willful misconduct as determined by a final non-appealable order of the Court.
53. The Monitor shall have the right to adopt such other rules for the SISP (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the SISP, provided, however, that the adoption of any rule that materially deviates from this SISP shall require the prior written consent of the Stalking Horse Bidder or a further Order of the Court.
54. Except as expressly set out in the SISP, no rights shall arise against the Monitor, the Debtor, or any of their respective advisors or representatives arising from any Bid, participation in the SISP, or any related matter.
55. For greater certainty, the Monitor is acting solely in its capacity as an officer of the Court and is not acting as an agent for the Debtor, the CRO, or any other stakeholder in connection with the SISP.

Deposits

56. The Deposit(s):
 - a. will, upon receipt from the Qualified Party, be retained by the Monitor and deposited in a non-interest-bearing trust account, and subsequently dealt with in accordance with subsections (b) and (c), below;
 - b. received from the Successful Bidder(s) and the Back-Up Bidder(s), if any, will: (i) be applied to the purchase price to be paid by the applicable Successful Bidder or

Back-Up Bidder whose Successful Bid or Back-Up Bid, as applicable, is the subject of the Sale Approval Order(s), upon closing of the approved Transaction; and (ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid or Back-Up Bid, provided that (i) all such documentation will provide that the Deposit will be fully refunded to the Back-Up Bidder on the Back-Up Bid Outside Date; and (ii) all such documentation will provide that the Deposit will be retained by the Debtor and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and

- c. received from the Qualified Party that is not the Successful Bidder or the Back-Up Bidder will be fully refunded to the Qualified Party that paid the Deposit as soon as practicable following the selection of the Successful Bidder and the Back-Up Bidder.

57. Notwithstanding anything to the contrary herein, the Stalking Horse Bidder will not be required to provide a Deposit.

Additional Terms

58. In addition to any other requirement of the SISP, any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the CRO and/or the Monitor is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the CCAA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.

Further Orders

59. At any time during the SISP, the CRO or the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of the SISP or with respect to the discharge of the Monitor's powers and duties hereunder.

Costs and Expenses

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

**Schedule “1”
Address of the Monitor**

To the Monitor:

Grant Thornton Limited
200 King St West, 11th Floor
Toronto ON M5H 3T4

Attention: Jason Kanji and Jesse Cooper

Email: Jason.Kanji@doane.gt.ca and Jesse.Cooper@doane.gt.ca

With a copy to:

Cassels Brock & Blackwell LLP
Bay Adelaide Centre – North Tower
40 Temperance Street Suite 3200
Toronto, ON M5H 0B4

Attention: Monique Sassi and Joshua Gordon
msassi@cassels.com and jgordon@cassels.com