STALKING HORSE SALE PROCESS ("SALE PROCESS")

**For the sale of the business of Edward Collins Contracting Ltd. ("ECC"),
and H & E Designs Ltd.
(collectively, the "Company")**

Overview of the Company

1. The Company's main operating entity, ECC, was created in 1974 and for 48 years has operated in the heavy civil construction industry. The Company's expertise includes road building, commercial site and subdivision development, water and sewer installation, ditching, culvert installation and subgrade road work, and heavy equipment rentals. The Company operates across Newfoundland and Labrador and does not have any operations or assets outside Newfoundland and Labrador. (the "**Business**").

2. The Company obtained protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") pursuant to an Amended and Restated Initial Order (the "**ARIO**") granted by the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the "**Court**") on October 17, 2022.

3. Pursuant to the ARIO, Grant Thornton Limited. was appointed as monitor (the "**Monitor**") in order to assist the Company with its restructuring.

4. To effectuate a restructuring, the Company has entered into a Stalking Horse Share Purchase Agreement with **92712 Newfoundland & Labrador Inc.** (the "**Stalking Horse Purchaser**"), dated May 17, 2023 (the "**Stalking Horse Agreement**"), pursuant to which the Stalking Horse Purchaser has agreed to acquire the Company, including its Business and to assume certain of the liabilities of the Company (the "**Purchased Entities**").

5. The Stalking Horse Agreement as well as these sale procedures were approved by Order of the Court on June 16, 2023 (the "**Sale Process Order**").

6. All capitalized terms contained herein, but not otherwise defined herein, shall have the meanings ascribed thereto in the Stalking Horse Agreement to which this schedule is appended.

Objectives and Commencement of the Sale Process

7. The objective of the Sale Process is to obtain offers to effect a sale of the Purchased Entities' Business, including their property, assets, and undertakings (the "**Assets**") on a going concern basis for an amount and on terms which are superior to the transaction contemplated by the Stalking Horse Agreement (the "**Stalking Horse Bid**").

8. The roles and responsibilities of the Monitor are described in further detail throughout this Sale Process, however, the Monitor's role herein does not include managing, operating, or taking possession or control of the Purchased Entities' Business and/or Assets.

9. Any transaction consummated pursuant to this Sale Process will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature or description by the Monitor, the Company, or any of their respective directors, officers, agents, advisors, or other representatives unless otherwise agreed in a definitive agreement.

10. All of the shares of the Purchased Entities including their Assets sold pursuant to any transaction(s) contemplated herein will be sold free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by the purchaser, pursuant to a Court order approving such sale.

Timeline

11. The following table sets out the key milestones and deadlines under the Sale Process, which milestones and deadlines may be extended or amended by the Monitor, in its discretion:

Milestone	**Deadline**
Phase 1	
Application for the Sale Process Approval	June 16, 2023
Commencement of the Marketing including Teaser Letter and CIM for Due Diligence	June 23, 2023
Phase 1 Bid Deadline	July 26, 2023
Phase 2	
Further Due Diligence, including data room, site visits, management meetings, etc.	July 27, 2023
Due Diligence Period Closes	August 10, 2023
Phase 2 Bid Deadline	August 11, 2023
Notification of Auction (if applicable)	Two days after the Phase 2 Bid Deadline
Auction (if applicable)	Fives days after the Phase 2 Bid Deadline
Selection of Successful Bid (assuming Auction)	Five days after the Phase 2 Bid Deadline
Schedule the Sale Approval Hearing	As soon as reasonably practical following the execution and delivery of the Successful Bid
Closing Date Deadline	No later than 7 days following Court approval of the Successful Bid

12. Any extensions or amendments (other than the Closing Date Deadline) shall be communicated to all bidders in writing and posted on the Monitor's Website at: www.grantthornton.ca/ECC

13. The Monitor may make any modification to the Sale Process it considers appropriate in the circumstance and, where it considers such modification to be material, it may seek Court approval of such modification on notice to parties in the CCAA proceeding.

Solicitation of Interest: Notice of Sale Process

14. The Monitor shall be entitled, but not obligated, to arrange for a notice to be published in any newspaper or industry journal as the Monitor considers appropriate if it believes that such advertisement would be useful in the circumstances.

15. The Monitor, with the assistance of the Company, shall prepare:

    (a) a list of potential buyers ("**Interested Parties**");

    (b) an initial offering summary ("**Teaser Letter**");

    (c) a form of non-disclosure agreement ("**NDA**");

    (d) a confidential information memorandum describing the opportunity ("**CIM**");

    (e) an electronic data room ("**Data Room**"); and

    (f) the Stalking Horse Agreement for use and markup by Interested Parties.

16. The Monitor will have responsibility for managing all communication with Interested Parties prior to and after receipt of binding offers ("**Offers**"). This shall include facilitating the delivery of all communications, contacting prospective bidders and providing them with the Teaser Letter and CIM, coordinating the execution of NDAs, facilitating any requests for tours of the facilities, managing the process of answering inquiries from prospective bidders, coordinating any presentations that may be requested by Potential Bidders (defined below), soliciting and tracking all Offers, and reviewing and negotiating transaction documentation.

17. The Monitor will send the Teaser Letter and the form of NDA to all applicable Interested Parties as soon as reasonably practicable after granting the Sale Process Order and to any other Interested Party who requests a copy of the Teaser Letter and NDA, or who is identified by the Company or the Monitor as an Interested Party, as soon as reasonably practicable after such request or identification, as applicable.

Sale Process – Phase 1

18. During Phase 1 of the Sale Process, the Monitor, with the assistance of the Company, will solicit non-binding letters of intent from Interested Parties to acquire the Business and/or Assets and/or assume liabilities of the Purchased Entities.

19. Any Interested Party who wishes to participate in the Sale Process must provide to the Monitor:

    (a) an NDA executed by it, and a letter setting forth the identity of the Interested Party, the contact information for such Interested Party, and full disclosure of the direct and indirect principals of the Interested Party. The NDA shall include an acknowledgement of the Sale Process terms; and

(b) if the Monitor considers it necessary, such form of financial disclosure that allows the Monitor to make a reasonable determination as to the Interested Party's financial and other capabilities to consummate a sale transaction.

20. If an Interested Party: (i) has delivered an executed NDA; and (ii) has provided the Monitor with satisfactory evidence of its capability based on the availability of financing, its experience, and other considerations, to be able to consummate a sale transaction pursuant to the Sale Process, then such Interested Party will be determined by the Monitor to be a "**Potential Bidder**". The Stalking Horse Purchaser shall be deemed to be a Potential Bidder.

21. The Monitor will provide each Potential Bidder with a copy of the CIM and access to the Data Room. Potential Bidders must rely solely on their own independent review, investigation, and/or inspection of all information and of the Business and/or Assets in connection with their participation in the Sale Process and any transaction they enter into with the Purchased Entities. The Company, the Monitor, and their respective directors, officers, agents and advisors make no representation or warranty whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the CIM or the Data Room; (ii) provided through the due diligence process or otherwise made available pursuant to the Sale Process; or (iii) otherwise made available to a Potential Bidder except to the extent contemplated in any definitive documentation duly executed and delivered by the Successful Bidder (as defined below) duly executed by the Purchased Entities and approved by the Court.

22. At any time during the Sale Process, the Monitor may, in its reasonable business judgment, eliminate a Potential Bidder from the Sale Process, in which case such party will no longer be a Potential Bidder for the purposes of the Sale Process.

23. The Monitor shall afford each Potential Bidder such access to applicable due diligence materials and information pertaining to the Business and the Assets of the Purchased Entities as the Monitor deems appropriate in its reasonable business judgment. Due diligence access may include access to the Data Room, on-site inspections, and other matters which a Potential Bidder may reasonably request and which the Monitor deems appropriate. The Monitor will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Potential Bidder and the manner in which such requests must be communicated.

24. The Monitor shall not be obligated to furnish any information relating to the Business or the Assets to any person other than to Potential Bidders. For the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders, if the Monitor in consultation with the Company determines such information to represent proprietary or sensitive competitive information related to the Business and/or the Assets of the Purchased Entities that should not be provided to a Potential Bidder.

Phase 1 Bid Deadline

25. Bidders that wish to make a formal binding Offer pursuant to the Sale Process must submit by email a non-binding letter of intent (a "**Phase 1 Bid**") so as to be received by the Monitor

not later than 5:00 PM (Saint John's Time) on June 30, 2023 (the "**Phase 1 Bid Deadline**"), with a copy to each of the persons specified in Schedule "B" hereto.

26. A Phase 1 Bid will be considered a "**Qualified Phase 1 Bid**" only if (collectively, the "**Phase 1 Bid Criteria**"):

(a) it is submitted on or before the Phase 1 Bid Deadline;

(b) it is accompanied by a letter setting forth:

(i) the identity of the bidder and full disclosure of any entities and/or individuals that control the bidder; and/or the beneficial owner (if any) with the power, directly or indirectly to cause the direction of the management and policies of the bidder;

(ii) a specific indication of the sources of debt and equity (as applicable) capital/financing for the transaction and preliminary evidence of the sources of financing of the purchase price, the availability of such financing, steps necessary and timing to obtain such financing, and any related contingencies and financial information that would allow the Monitor to make a reasonable determination as to the bidder's financial capabilities to consummate the transaction;

(iii) include written evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase 1 Bid;

(iv) a statement that the bidder expects to be able to consummate a sale transaction pursuant to the Sale Process on or before the Closing Date Deadline (as defined herein); and

(v) such other information as reasonably requested by the Monitor, in consultation with the Company;

(c) the Phase 1 Bid identifies or contains the following;

(i) the purchase price in Canadian dollars, including details of all Assets to be purchased and liabilities to be assumed by the bidder. The purchase price must be in an amount that is at least $250,000 in cash in excess of the purchase price contained in the Stalking Horse Agreement, or is otherwise a better offer than the offer contemplated under the Stalking Horse Agreement (a "**Superior Offer**");

(ii) any anticipated approvals and consents required to close the transaction and any anticipated impediments to such approvals or consents;

(iii) specific due diligence required to be conducted during Phase 2, if any;

(iv) all conditions to Closing sought by the bidder; and

(v) any other terms or conditions that the bidder believes are material to the transaction.

27. The Monitor may, if it deems appropriate or desirable in the circumstances, modify or amend the Phase 1 Bid Criteria.

Assessment of Phase 1 Bids

28. Promptly after the Phase 1 Bid Deadline, the Monitor, in consultation with the Company:

(a) will review and assess the Phase 1 Bids to determine whether they are qualified (such qualified bids being the "**Qualified Phase 1 Bids**" and the bidder thereof, a "**Qualified Phase 1 Bidder**"); and

(b) may request clarification of the terms of the Phase 1 Bids.

29. In assessing whether the Phase 1 Bids received are Qualified Phase 1 Bids, the Monitor, in consultation with the Company, will consider, among other things, the following:

(a) whether they meet the Phase 1 Bid Criteria;

(b) the form and amount of consideration being offered, including any purchase price adjustments and/or any non-cash consideration;

(c) the demonstrated financial capability of the bidder to consummate the proposed transaction;

(d) the conditions to closing of the proposed transaction; and

(e) the estimated time required to complete the proposed transaction and whether, in the Monitor's reasonable business judgment, the transaction is reasonably likely to close on or before the Closing Date Deadline.

30. Notwithstanding anything herein to the contrary, the offer represented by the Stalking Horse Agreement shall be deemed to be a Qualified Phase 1 Bid and a Qualified Phase 2 Bid for all purposes under, and at all times in connection with, this Sales Process.

31. If the Monitor, after consultation with the Company determines that no Qualified Phase 1 Bid has been received other than the Stalking Horse Agreement, the Monitor shall be authorized to terminate the Sale Process, in which case, the Stalking Horse Agreement will be deemed to be the Successful Bid (as defined below).

32. If the Monitor, after consultation with the Company determines that two or more Qualified Phase 1 Bids are received, including the Stalking Horse Agreement, then the Sale Process shall proceed to Phase 2.

Sale Process- Phase 2

33. During Phase 2 of the Sale Process, each Qualified Phase 1 Bidder will be granted further access to such due diligence materials and information as the Monitor, in its reasonable business judgment and in consultation with the Company, determines is appropriate and available.

Phase 2 Bid Deadline, Phase 2 Bids and Removal of Conditions

34. Qualified Phase 1 Bidders that wish to make a formal binding Offer pursuant to the Sale Process (a "**Phase 2 Bid**") must submit by email such Offer so as to be received by the Monitor not later than 5:00 PM (Saint John's Time) on July 15, 2023 (the "**Phase 2 Bid Deadline**"), with a copy to each of the persons specified in Schedule "B" hereto.

35. In order to be considered a "**Qualified Phase 2 Bid**", the offer shall (collectively, the "**Phase 2 Bid Criteria**"):

    (a) be a Superior Offer;

    (b) include a sealed, duly authorized and executed, definitive purchase agreement consistent with the form of the Stalking Horse Agreement, together with all completed schedules thereto, containing the detailed terms and conditions of the proposed transaction, the obligations to be assumed, the purchase price for the Business proposed to be acquired, the detailed structure and financing of the proposed transaction, and a blackline comparing the purchase agreement submitted to the Stalking Horse Agreement;

    (c) be binding and irrevocable until the earlier of: (i) 30 days after the Phase 2 Bid Deadline, and (ii) approval by the Court of the Successful Bid;

    (d) include a non-refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor or such other form of deposit as is acceptable to the Monitor), payable to the Monitor, in trust, in an amount equal to 10% of the purchase price contemplated by the Bid (the "**Deposit**"). All Deposits submitted by bidders who did not submit the Successful Bid shall be returned, without interest, as soon as practicable following the date on which any such offers are rejected hereunder. The Deposit forming part of the Successful Bid shall be dealt with in accordance with the asset purchase agreement submitted by the Successful Bidder;

    (e) include acknowledgments and representations of the bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Business and/or Assets, the Purchased Entities, or otherwise, prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of the Business and/or Assets (including, without limitation, any documents in connection therewith) in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory, or otherwise, regarding the Business and the Assets or the Purchased Entities or the completeness of any information provided in connection therewith, except as expressly contemplated in any definitive documentation duly executed by the Successful Bidder and the Purchased Entities and approved by the Court;

    (f) not be subject to further due diligence;

    (g) not be subject to financing;

    (h) includes a description of any regulatory or other third-party approvals required to consummate the proposed transaction, if any, and the time period within which the bidder expects to receive such regulatory and/or third-party approvals, and those actions the bidder will take to ensure receipt of such approvals as promptly as possible;

(i) include a description of any desired arrangements with respect to transition services that may be required from the Company in connection with the transaction, including funding for same; not be subject to any conditions precedent except those that are customary in a transaction of this nature; not be conditional upon approval by the Court of any bid protection, such as a break-up fee, termination fee, expense reimbursement or similar type of payment; and

(j) be received by the Phase 2 Bid Deadline; and contemplate closing the transaction set out therein no later than seven days following Court approval of the Successful Bid (the "**Closing Date Deadline**").

36. The Monitor may, if it deems appropriate or desirable in the circumstances, modify or amend the Phase 2 Bid Criteria.

Selection of Successful Bidders

37. Following the Phase 2 Bid Deadline, the Monitor will determine if each Phase 2 Bid delivered to the Monitor meets the Phase 2 Bid Criteria, provided that each Phase 2 Bid may be negotiated among the Monitor and the applicable bidder and may be amended, modified or varied to improve such Phase 2 Bid as a result of such negotiations. The Monitor shall be under no obligation to negotiate identical terms with, or extend identical terms to, each bidder.

38. If a Phase 2 Bid meets the Phase 2 Bid Criteria, as determined by the Monitor in its sole discretion in consultation with the Company, such Phase 2 Bid will be deemed to be a Qualified Phase 2 Bid and the bidder in respect of each such Qualified Phase 2 Bid shall be a "**Qualified Bidder**" in respect to the Sale Process.

39. If no Qualified Phase 2 Bid (other than the Stalking Horse Bid) is received by the Phase 2 Bid Deadline, the Stalking Horse Bid shall be deemed the Successful Bid (defined below).

40. If more than two Qualified Phase 2 Bid are received by the Phase 2 Bid Deadline the Monitor shall extend invitations by email by 10:00 a.m. on the second business day after the Phase 2 Bid Deadline to the Qualified Bidders and to the Stalking Horse Purchaser to attend an auction (the "**Auction**"). The Auction shall be held at 10:00 a.m. on the fifth business day after the Phase 2 Bid Deadline at the offices of the Monitor or by teleconference, video conference, or other form of electronic telecommunications, as the Monitor may deem fit.

41. The Monitor shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid, and subsequently continue in multiples of $100,000, or such other amount as the Monitor determines to facilitate the Auction. Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and other procedures for the Auction shall be determined by the Monitor in its sole discretion.

42. The successful bid (the "**Successful Bid**") by the successful Bidder (the "**Successful Bidder**") shall be, either:

(a) in the event that no Qualified Phase 1 Bid other than the Stalking Horse Bid is received by the Phase 1 Bid Deadline, the Stalking Horse Agreement;

(b) in the event that no Qualified Phase 2 Bid other than the Stalking Horse Bid is received by the Phase 2 Bid Deadline, the Stalking Horse Agreement; or

(c) in the event that multiple Qualified Phase 2 Bids are received, following the conclusion of the Auction, the Qualified Bidder submitting the highest and/or best offer through the Auction.

Sale Approval Hearing

43. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Hearing**"), the Company shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Phase 2 Bids other than the Successful Bid, if any, shall be deemed to be rejected on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

44. Each Interested Party and Qualified Bidder shall not be permitted to receive any confidential or competitive information that is not made generally available to all participants in the Sale Process relating the number or identity of bidders. The details of any Bids submitted or the details or existence of any confidential discussions or correspondence among the Company, the Monitor, and any bidder in connection with the Sale Process.

45. The Stalking Horse Purchaser shall not be entitled to review, or in any way be involved in, the consideration, negotiation, or selection of any Qualified Bid or the Successful Bid.

Supervision of the Sale Process

46. Subject to any consultation rights and other similar rights provided for herein, the Monitor will conduct the Sale Process in the manner set out herein and in the Sale Process Order. All discussions or inquiries to the Company regarding the Sale Process shall be directed to the Monitor. Under no circumstances should a representative of the Company be contacted directly or indirectly in respect of the Sale Process, including diligence requests, without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion from the Sale Process, in the Monitor's sole discretion.

47. The Company and its principals, employees and professional advisors shall cooperate fully with the Monitor and provide documents and information requested as part of the Sale Process to the Monitor in a prompt fashion.

48. Other than as specifically set forth in a definitive agreement between the Company and a Successful Bidder, the Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship among the Company, the Monitor, any Interested Party, any Qualified Bidder, the Successful Bidder, or any other party.

49. Neither the Company nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions consummated under the Sale Process. Any such claim shall be the sole

liability of the bidder that consummates a transaction under the Sale Process pursuant to which the claim is being made.