2025	Hfx No. 542329

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

SALES AND INVESTMENT SOLICITATION APPROVAL ORDER

Before the Honourable Justice Bodurtha in chambers:

Creso Canada Limited and Mernova Medicinal Inc. (the "**Applicants** or the "**Companies**") applied for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "**CCAA**") including an Initial Order, which was granted by Justice Bodurtha and an Amended and Restated Initial Order;

The Applicants now move for an order (i) approving a sale and investment solicitation process substantially in the form attached hereto as **Schedule "A"** (the "**SISP**") in respect of the business and assets of the Companies; and (ii) authorizing Grant Thornton Limited, in its capacity as monitor (the "**Monitor**") to oversee the SISP in accordance with the terms of the SISP.

The following parties, represented by the following counsel, made submissions:

Party	Counsel
Creso Canada Limited 1300 - 1969 Upper Water Street Purdy's Wharf Tower II Halifax, NS B3J 3R7	**MLT Aikins LLP** 2100 Livingston Place 222 3rd Ave SW Calgary, AB T2P 0B4
Mernova Medicinal Inc. 50 Ivey Lane	**Ryan Zahara** Tel: 403-693-5420

Windsor, NS B0N 2T0

Micheline MacKay
Email: micheline.mackay@mernova.com

Email: rzahara@mltaikins.com

Chris Nyberg
Tel: 403-693-2636
Email: cnyberg@mltaikins.com

- and -

Cox & Palmer
Suite 1500 – 1625 Grafton Street
Halifax, NS B3J 0E8

Gavin MacDonald
Tel: 902-491-4464
Email: gmacdonald@coxandpalmer.com

Monitor, Grant Thornton Limited
1675 Grafton St Suite 1000
Halifax, NS B3J 0E9

Liam Murphy
Tel: 782-409-1667
Email: Liam.Murphy@doane.gt.ca

Stewart McKelvey
600-1741 Lower Water Street
Halifax, NS B3J 0J2

David Wedlake
Tel: 902-444-1705
Email: dwedlake@stewartmckelvey.com

Sara Scott
Tel: 902-420-3363
Email: sscott@stewartmckelvey.com

On motion of the Applicants, the following is ordered and declared:

SERVICE

1. The service of the notice of motion, and the supporting documents, as set out in the affidavit of service is hereby deemed adequate notice so that the motion is properly returnable today and further service thereof is hereby dispensed with.

INTERPRETATION

2. Capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them under the SISP.

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. The SISP is hereby approved.

4. The Monitor, with the assistance of the Companies, and if deemed necessary by the Monitor, a Sales Advisor (as defined in the SISP), are hereby authorized and empowered to proceed, carry out, and implement the SISP and all corresponding sales, marketing, or tendering processes, including any and all actions related thereto, substantially in accordance with the SISP.

5. The Monitor, the Companies, and the Sale Advisor(s) are further hereby authorized and empowered to take such steps as they consider necessary or appropriate in carrying out each of their respective obligations under the SISP, subject to approval of this Court being obtained before the completion of any transaction(s) resulting from the SISP.

6. The Monitor, the Applicants, the Sales Advisor(s), and any interest person, are hereby authorized and empowered to apply to this Court to amend, vary, or seek any advice, directions or the approval or vesting of any transactions, in connection with the SISP.

7. The Monitor and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the conducting of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor in performing its obligations under the SISP Procedure, as determined by this Court.

8. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicants, the Monitor and their respective advisors are hereby authorized and permitted, subject to the execution of a non-disclosure agreement, to disclose and transfer to prospective SISP participants (each, a "**SISP Participant**") and their advisors personal information of identifiable individuals but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the SISP (a "**Transaction**"). Each SISP Participant to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicants or the Monitor, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Applicants or the Monitor. Any Successful Party shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Applicants or the Monitor.

GENERAL

9. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside Nova Scotia, is requested to give effect to this Order and to assist the Companies, the Monitor and their respective agents in carrying out the terms of this Order. All

courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Companies, and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Companies, and the Monitor and their respective agents in carrying out the terms of this Order.

10. Each of the Companies, and the Monitor may apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Monitor may act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

11. This Order and all of its provisions are effective as of ______________ (Atlantic Standard Time) on the ___ day of April, 2025.

Issued _______________, 2025

____

Prothonotary

SCHEDULE “A”

[To Insert SISP]

Sales and Investment Solicitation Process Bidding Procedures

Mernova Group

Introduction

1. On April 16, 2025, Creso Canada Limited and Mernova Medicinal Inc. (collectively, the "**Vendors**") commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and Grant Thornton Limited was appointed Monitor of the Vendors (in such capacity, the "**Monitor**") pursuant to an initial order (the "**Initial Order**") granted by Justice Bodurtha of the Supreme Court of Nova Scotia in Bankruptcy and Insolvency ("**Court**"), HFX 542329.

2. The Vendors have entered into a binding term sheet with La Plata Capital, LLC (the "**Interim Lender**") where the Interim Lender has committed to providing interim financing (in such capacity, the "**Interim Lender**") to the Vendors to fund, among other things, this sale and investment solicitation process (the "**SISP**").

3. On April 25, 2025, the Vendors intend to make an application to the Court for an amended and restated initial order (the "**ARIO**") and an Order (the "**SISP Order**" and together with the Initial Order and the ARIO, the "**CCAA Orders**"), among other things, authorizing the Monitor, with the assistance of: (i) the Vendors; and/or (ii) if deemed necessary, one or more sales advisor(s), including Hyde Advisory (each, a "**Sales Advisor**") to be engaged by the Monitor on customary terms for such engagement, to conduct a SISP in respect of the Vendors as further described herein.

4. The Monitor intends to provide all qualified interested parties with an opportunity to participate in the SISP.

5. This document (the "**SISP Procedure**") outlines the SISP, which is comprised of one phase and, if required, an auction. The following describes the procedures by which the Monitor will solicit offers and by which interested parties may participate and submit offers within the SISP.

6. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein, any event that occurs on a day that is not a business day in the Province of Nova Scotia (each, a "**Business Day**") shall be deemed to occur on the next Business Day. All references to time shall be to the current time in Halifax, Nova Scotia. Capitalized terms not otherwise defined in this SISP Procedure shall have the meanings set forth in the materials filed by the Vendors in support of the SISP Procedure or the reports of the Monitor.

Overview of the Vendors & Purpose of SISP

7. The Vendors comprise a licensed cannabis producer and hold (1) a license from Health Canada to cultivate, produce, process, and sell cannabis, (2) a license from Health Canada to conduct cannabis research testing and (3) a cannabis excise licence from Canada Revenue Agency (collectively, the "**Licenses**"). The Vendors own and operate a fully licensed 24,000 square foot cannabis cultivation facility on 10 acres of land in Windsor, Nova Scotia ("**Facility**"), employ approximately 40 employees and sell cannabis products to the medicinal and retail cannabis markets across Canada.

8. The purpose of the SISP is to:

   (a) provide a process to find the highest and/or best offer for the Opportunity; and

   (b) demonstrate to the Court that the Vendors and the Monitor have conducted a fair, transparent, and commercially reasonable sales and marketing process that will maximize stakeholder value and ultimate recovery in the circumstances.

9. Any transaction or transactions contemplated as a result of the SISP shall be subject to the Vendors obtaining an order in form satisfactory to the Monitor and Interim Lender issued by the Court approving the Successful Bid(s) (as defined below) and authorizing the Vendors to enter into any and all necessary agreements with respect to such Successful Bid(s), including the approval of an plan of arrangement or compromise of the Vendors and any sale approval and vesting order, if applicable

Opportunity

10. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Vendors' 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 Vendors as a going concern, or a sale of all, substantially all, or one or more components of Vendors' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

11. Any sale of the Property or investment in the Business of the Vendors 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 Vendors, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Vendors in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to CCAA Orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in the definitive agreement and such CCAA Orders.

12. All interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the SISP, including as a Sale Proposal or an Investment Proposal (each as defined below).

13. The Bidding Procedures herein describe the manner in which prospective bidders may gain access to due diligence materials concerning the Vendors, the manner in which bidders may participate in the SISP, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the requisite approvals to be sought from the Court in connection therewith. The Monitor shall conduct the SISP in the manner set forth herein.

14. The Monitor, in consultation with the Vendors and the Interim Lender, may at any time and from time to time, modify, amend, vary or supplement, whether material or immaterial the SISP or the Bidding Procedures, if necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures and the SISP Order.

15. The Monitor shall post on the Monitor's case management website, www.DoaneGrantThornton.ca/Mernova, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform interested parties impacted by such modifications.

16. In the event of a dispute as to the interpretation or application of the SISP or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.

17. No bidder may request or receive any form of bid protection as part of any bid made pursuant to the SISP.

Timeline

18. The following table sets out the key milestones under the SISP which are as follows:

Milestone	Deadline
Monitor and Vendors to create list of Interested Parties	April 25, 2025
Monitor to prepare and have VDR available for Interested Parties	May 9, 2025
Monitor to distribute Solicitation Letters and NDAs to Interested Parties	May 12, 2025
Credit bidders and non-arms length party required to provide notice of participation	May 31, 2025
Bid Deadline	**June 23, 2025**
Selection of Successful Bid	July 3, 2025
Court Approval of Successful Bid	July 17, 2025
Target Closing Date	July 31, 2025

19. The dates set out in the SISP may be extended by the Monitor, in consultation with the Vendors and Interim Lender, or by further order of the Court.

Solicitation of Interest: Notice of the SISP

20. As soon as reasonably practicable:

   (a) the Monitor, with the advice of any Sales Advisor, and in consultation with the Vendors, will prepare a list of Potential Bidders (as defined herein), including:

      (i) parties that have approached the Vendors, the Monitor or the Sales Advisor indicating an interest in the Opportunity; and

      (ii) local and international strategic and financial parties who the Monitor, in consultation with the Vendors and any Sales Advisor, believe may be interested in purchasing all or part of the Business and Property or investing in the Vendors pursuant to the SISP,

   (collectively, "**Interested Parties**");

   (b) the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Vendors, considers appropriate) (the "**Notice**") to be published in All Atlantic, Insolvency Insider and any other industry publication, website, newspaper or journal as the Monitor, in consultation with any Sales Advisor and the Vendors, considers appropriate, if any.

21. In addition to the list of Interested Parties, the Monitor, in consultation with the Vendors, shall prepare:

   (a) an initial offering summary ("**Solicitation Letter**");

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

   (c) a confidential information memorandum ("**CIM**"); and

   (d) an electronic data room ("**VDR**").

22. The Monitor, with the assistance of the Vendors and its advisors, will send the Solicitation Letter and the form of NDA to all applicable Interested Parties in accordance with the milestones set out herein and to any other Interested Party who requests a copy of the Solicitation Letters and NDA, or who is identified as an Interested Party, as soon as reasonably practicable after such request or identification, as applicable.

23. The Monitor will also post copies of the Solicitation Letters and NDA on its case management website: www.DoaneGrantThornton.ca/Mernova.

24. The Monitor will have sole responsibility for managing all communication with Interested Parties prior to and after receipt of bids. This shall include facilitating the delivery of all communications, contacting prospective bidders and providing them with the Solicitation Letter, coordinating the execution of NDAs, facilitating any requests for tours of the Facility, managing the process of answering inquiries from prospective bidders, soliciting

and tracking all Bids, facilitating communication between the Vendors and Interested Parties, and reviewing and negotiating transaction documentation.

25. All requests for information in respect of the SISP, the assets available for sale, and to coordinate site visits must be made through the Monitor.

Qualified Bidders

26. Any party who wishes to participate in the SISP (each, a "**Potential Bidder**"), must deliver to the Monitor:

(a) an executed NDA which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof;

(b) a letter setting forth the Potential Bidder's: (i) identity; (ii) contact information; and (iii) full disclosure of its direct and indirect principals; and

(c) a form of financial disclosure and credit quality support or enhancement that allows the Monitor to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate: (i) the acquisition of all, substantially all or a portion of the Property (each, a "**Sale Proposal**"); or (ii) an investment in, restructuring, reorganization or refinancing of the Business or the Vendors (each, an "**Investment Proposal**"), as applicable.

27. If the Monitor, in its sole discretion, determines that a Potential Bidder has:

(a) delivered the documents contemplated in Section 26 above; and

(b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP,

then such Potential Bidder will be deemed to be a "**Qualified Bidder**". The Monitor shall be entitled to request such financial and other information from a Potential Bidder as the Monitor deems necessary to determine whether such Potential Bidder is a Qualified Bidder.

28. Each Qualified Bidder will be prohibited from communicating with any other Qualified Bidder with respect to matters relating to the SISP during the term of the SISP, without the consent of the Monitor, and on such terms or such limitations as the Monitor may require to protect the integrity of the SISP, in the Monitor's sole discretion.

29. At any time during the SISP, the Monitor may, in its reasonable business judgment and after consultation with the Vendors, eliminate a Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP, will no longer be a Qualified Bidder for the purposes of this SISP, and shall have no further recourse as against the Vendors or the Monitor in respect thereof. The Monitor need not provide a reason or explanation for its decision which is final.

Due Diligence

30. The Monitor, with the assistance of the Vendors, shall prepare the CIM and VDR with additional information considered relevant to the Opportunity, including a form of term sheet and/or purchase agreement. The Vendors, the Monitor and their respective advisors make no representation or warranty whatsoever as to the information (including as to the accuracy or completeness of such information) made available pursuant to the SISP, including in the Solicitation Letter, CIM or VDR (except to the extent expressly contemplated by the Vendors in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by the Vendors), including, without limitation, as to its accuracy, completeness, quality or fitness for purpose.

31. Potential Bidders must conduct and rely solely on their own independent review, investigation, inspection, and/or due diligence of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Vendors.

32. The Monitor shall maintain the VDR and decide what information to include or exclude from the VDR. The Monitor shall also decide what additional due diligence access and information, if any, to provide to Qualified Bidders and may provide some due diligence access and/or information to some Qualified Bidders and not provide the same information to other Qualified Bidders, in its sole discretion. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Monitor, in its reasonable business judgment and after consulting with the Vendors, may agree.

33. The Monitor and any Sales Advisor shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Vendors nor the Monitor shall be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Vendors, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

Credit Bidding

34. Any party or parties holding a valid, enforceable and properly perfected security interest in the Vendors may, subject in all respects to such party's compliance with these Bidding Procedures, credit bid the amount of debt secured by such lien as part of any transaction contemplated by the Bidding Procedures; provided however, that such transaction shall also provide for the indefeasible and irrevocable repayment in full in cash on the date of closing of any such transaction of any and all obligations, being, amongst other potential obligations:

    (a) the outstanding amount of the DIP Facility, together with accrued interest and fees;

(b) the outstanding amount of any Court ordered charges granted within the CCAA proceedings;

(c) priority charges and/or deemed trusts (including, for example, amounts owing to the Canada Revenue Agency on in respect of WEPPA, etc.); and

(d) the secured interest, or an offer thereof to that secured creditor, of the applicable secured creditor, should it be different than the secured creditor advancing a credit bid, on the applicable asset(s) forming the credit bid.

35. Party or parties seeking to, or intending to, submit a credit bid must indicate their intention to do so in writing to the Monitor no later than May 31, 2025 at 5:00 p.m. Atlantic Standard Time.

36. Should a party or parties elect to participate in the SISP, they shall be treated as a Potential Bidder pursuant to the SISP.

37. Nothing contained within the SISP or any order approving the SISP is intended to, or shall, alter or amend the rights, terms or obligations under any intercreditor agreement or other form of agreement in respect of the existing indebtedness of the Vendors.

Insider Bid / Non-Arms Length Party Bidder

38. Any insider or non-arm's length party seeking to, or intending to, submit a bid must indicate their intention do so in writing to the Monitor no later than May 31, 2025 at 5:00 p.m. Atlantic Standard Time.

39. Should an insider or non-arm's length party or parties elect to participate in the SISP, they shall be treated as a Potential Bidder pursuant to the SISP.

Submission of Binding Offers

40. Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Vendors or their Property or Business shall submit a binding offer (a "**Binding Bid**") that complies with all of the following requirements to the Monitor at the address specified in Schedule "A" hereto (including by e-mail), so as to be received by them not later than June 23, 2025 at 5:00 p.m. Atlantic Standard Time and as may be further modified with the consent of the Monitor or by Order of the Court from time to time (the "**Bid Deadline**"):

(a) 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 Vendors or their Property or Business and is consistent with any necessary terms and conditions in this SISP Procedure or otherwise established by the Monitor and the Vendors and communicated to Qualified Bidders;

(b) the bid includes a letter stating that the Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined herein), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

(c) the bid includes duly authorized and executed term sheet or transaction agreements, including the purchase or subscription price, investment amount expressed in Canadian dollars (the “**Purchase Price**”) and any other key economic terms (such as the purchased assets, any excluded assets, any assumed liabilities, or a new debt/equity structure, as applicable), together with all exhibits and schedules thereto;

(d) 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 Qualified Bidder’s financial and other capabilities to consummate the proposed transaction;

(e) the bid is not conditioned on: (i) the outcome of unperformed due diligence by the Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld from the Qualified Bidder; or (ii) obtaining financing, but may be conditioned upon the Vendors receiving the required approvals or amendments relating to the material licences required to operate the Business, if necessary;

(f) it provides written evidence, satisfactory to the Monitor, in consultation with the Vendors and the Interim Lender, of the ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital;

(g) it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such approvals;

(h) the bid does not include a request for or entitlement to any break fee, expense reimbursement or other similar type payment if the bid is not selected as the Successful Bid (as defined herein);

(i) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;

(j) for a Sale Proposal, the bid includes payment of a non-refundable deposit in the form of a wire transfer to a trust account specified by the Monitor (a “**Deposit**”) in an amount not less than 10% of the Purchase Price by the Bid Deadline;

(k) for an Investment Proposal, the bid includes payment of a Deposit in the amount of not less than 10% of the total new investment contemplated in the bid by the Bid Deadline;

(l) the bid includes acknowledgements and representations by the Qualified Bidder that the Qualified Bidder:

(i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Vendors prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld from the Qualified Bidder);

(ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property 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, the Property, or the Vendors or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Vendors;

(m) the bid and Deposit are received by the Bid Deadline;

(n) the bid contemplates closing the transaction set out therein no later than the timeline set out in Section 19.

Assessment of Binding Bids

41. Following the Bid Deadline, the Monitor, together with the Sales Advisor, and the Vendors, will assess the Binding Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Binding Bids received shall be deemed to be Qualified Bids without the approval of the Monitor, in consultation with the Vendors. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

42. If at the Bid Deadline, at least one Qualified Bid has been received, the Monitor, in consultation with the Vendors, will evaluate Qualified Bids based upon several factors including, without limitation:

(a) the Purchase Price and the net value provided by such bid;

(b) the identity, circumstances and ability of the Qualified Bidder to successfully complete such transactions;

(c) the proposed transaction documents;

(d) factors affecting the speed, certainty and value of the transaction;

(e) the assets included or excluded from the bid;

(f) any related restructuring costs; and

(g) the likelihood and timing of consummating such transaction.

The Monitor may choose to aggregate separate Binding Bids from unaffiliated Qualified Bidders to create one Qualified Bid if such aggregated Qualified Bid would constitute a superior offer.

Selection of Successful Bid

43. If at the Bid Deadline, only one Qualified Bid has been received in respect of the Vendors, as determined by the Monitor in consultation with the Vendors, it may be designated as the best bid (the "**Successful Bid**", and, as applicable, the Qualified Bidder making such Successful Bid, the "**Successful Bidder**") and will close in accordance with the terms of this SISP Procedure, the Successful Bid, and any applicable Court orders. For certainty, the Monitor and the Vendors are under no obligation to accept any Qualified Bid or designate any Qualified Bid a Successful Bid in respect of the Vendors. Furthermore, the Monitor, in consultation with the Vendors, need not accept the highest Qualified Bid, so long as the Monitor has conducted a fair, transparent and commercially reasonable sales and marketing process.

44. In the event that no bid is designated a Successful Bid by the Monitor, the Monitor may terminate this SISP upon notice to the Vendors and Interim Lender.

45. If the Monitor, in consultation with the Vendors, determines, in its reasonable discretion, that:

(a) one or more Qualified Bids have been received for Property not contemplated in the Successful Bid, the Monitor may designate the applicable Qualified Bids as the respective Successful Bids for the applicable Property (as well as any applicable Back-up Bids (as defined below)).

(b) one or more Qualified Bids have been received for some or all of the Property, the Monitor may either:

(i) designate one or more Qualified Bids as Successful Bids and one or more of the other Qualified Bids as Back-up Bids; or

(ii) provide all parties that have made Qualified Bids, the opportunity to make further bids through the auction process set out in **Schedule "**A**"** (the "**Auction**").

Transaction Approval Application Hearing

46. Once the Successful Bid has been selected by the Monitor, the Vendors will bring an application to approve the transaction with the Successful Bidder (the "**Transaction Approval Application**") as soon as reasonably practicable after finalization of the transaction agreement(s).

47. All the Qualified Bids other than the Successful Bid and Back-up Bids, if any, shall be deemed to be rejected on and as of the date Court approval of the Successful Bid.

Confidentiality and Access to Information

48. All discussions regarding a Sale Proposal, Investment Proposal, Binding Bid or Qualified Bid shall be directed through the Monitor or any Sales Advisor. Under no circumstances should the management or employees of the Vendors be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication may result in exclusion of the interested party from the SISP Procedures.

49. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all current participants relating to the number or identity of Potential Bidders, Qualified Bidders, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Vendors, the Monitor, any Sales Advisor, and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Vendors, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders, in which case they shall use reasonable efforts to protect the confidentiality of such party's confidential information.

50. The Monitor may consult with any other parties with a material interest in the CCAA Proceedings regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Monitor (taking into account, among other things, whether any particular party is a Potential Bidder, Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that such parties shall have entered into confidentiality arrangements satisfactory to the Vendors and the Monitor.

Deposits

51. All Deposits shall be retained by the Monitor in a non-interest-bearing trust account located at a financial institution in Canada selected by the Monitor. The Monitor may waive the requirement of a Deposit if it believes sufficient security or certainty has been provided by a Qualified Bidder.

52. If there is a Qualified Bid that constitutes a Successful Bid, the Deposit paid by the Successful Bidder shall be applied to the consideration to be paid upon closing of the transaction constituting the Successful Bid.

53. The Deposit(s) from all Qualified Bidders submitting Qualified Bids that do not constitute a Successful Bid or a Back-up Bid shall be returned to such Qualified Bidder within five (5) Business Days of the date that the Vendors select a Successful Bid and Back-up Bid, if applicable.

54. If the Qualified Bidder making a Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, or it retracts or revokes its bid before a Successful Bid is designated, it shall forfeit its Deposit to the Monitor for and on behalf of the Vendors; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Vendors may have in respect of such breach or default.

55. If the Vendors are unable to complete the Successful Bid as a result of their own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) then the Deposit shall be returned to the Successful Bidder.

Supervision of the SISP

56. The Monitor, with the support of any Sales Advisor, shall oversee the conduct of the SISP in all respects. Without limitation to that supervisory role, the Monitor shall participate in the SISP in the manner set out in this SISP Procedure, the CCAA Orders, the SISP Order and any other order of the Court, and is entitled to receive all information in relation to the SISP. For the avoidance of doubt, the completion of the transactions contemplated by any Successful Bid shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

57. The Monitor, in consultation with the Vendors, may waive compliance with any one or more of the requirements of this SISP, including, for greater certainty, waiving strict compliance with any one or more of the requirements specified above and deem a non-compliant bid to be a Qualified Bid.

58. This SISP does not, and shall not be interpreted to, create any contractual or other legal relationship between the Vendors or the Monitor and any Potential Bidder, any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Vendors.

59. Without limiting the preceding section, the Monitor, and any Sales Advisor, shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, the Successful Bidder, any Back-up Bidder, the Vendors, or any other creditor or other stakeholder of the Vendors, for any act or omission related to the process contemplated by this SISP Procedure, 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 Potential Bidder, Qualified Bidder, 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.

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

61. Subject to the terms of the Initial Order, the ARIO, and the SISP Order, the Monitor, in consultation with the Vendors, shall have the right to modify the SISP, if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in the CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.

62. In the event of a disagreement between the Monitor and the Vendors relating to any matter in the SISP, the Monitor shall have the final approval. In the event of a disagreement between the Monitor and the Interim Lender, unless expressly set out herein as a matter

requiring the prior approval of the Interim Lender, the Monitor shall have the final approval. In the event of a disagreement between the Monitor and the Interim Lender which expressly requires the consent of the Interim Lender, the Monitor shall seek the advice and direction of the Court if it is not able to come to an agreement with the Interim Lender.

63. In order to discharge its duties in connection with the SISP the Monitor may engage professional or business advisors or agents as the Monitor deems fit in its sole discretion.

Additional Terms

64. In addition to any other term or requirement of this SISP Procedure:

(a) The Monitor, as applicable, shall at all times prior to the selection of a Successful Bid use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high potential bidders in a process of this kind or who may be reasonably proposed by any of the Monitor, the Interim Lender, or the Vendors' stakeholders as a potential bidder.

(b) Any consent, approval or confirmation to be provided by the Vendors 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 shall be deemed to have been provided in writing for the purposes of this paragraph.

(c) Nothing in this SISP shall require that a Successful Bid or any other bid must NOT be approved by the Court. The Court at all times retains the discretion to direct the clarification, termination, extension or modification of the SISP and Bidding Procedures on application of any interested party.

(d) Prior to the seeking of Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be requested to be filed under temporary seal, including in respect of any and all bids received.

65. Notwithstanding the foregoing, in its review and recommendation of a Successful Bid, the Monitor may waive compliance with any one or more of the requirements of the Bid Criteria and deem any such non-compliant Bid to be a Qualified Bid, if in the Monitor's opinion, the admission of such Qualified Bid will enhance the realization of the Property.

66. Before accepting a Bid, the Monitor may, in its sole discretion, negotiate with any Bidder for changes or clarifications to that person's Bid. Further, in the event that any of the Bids are substantially similar, the Monitor may in its sole discretion call upon those Bidders to submit further Bids. Notwithstanding the foregoing, the Monitor shall not be obligated to negotiate with any potential Bidder or to give any Potential Bidder an opportunity to resubmit a Bid, whether or not the Monitor negotiates with any Potential Bidder.

Contact

67. All questions and enquiries regarding the SISP should be directed to Mernova@Doane.gt.ca, with a copy to a representative of the Monitor, being Corey Hines (Corey.Hines@Doane.gt.ca).

Further Orders

68. At any time during the SISP, the Monitor or the Vendors may apply to the Court for advice and directions with respect to the discharge of their respective powers and duties hereunder, if any.

Doane Grant Thornton

Schedule “A”

To the Monitor:

Grant Thornton Limited, the Monitor

Attention: Liam Murphy
Email: liam.murphy@doane.gt.ca

Corey Hines
Email: corey.hines@doane.gt.ca

With a copy to:

Stewart McKelvey, legal counsel to the Monitor

Attention: Sara Scott
Email: sscott@stewartmckelvey.com

David Wedlake
Email: dwedlake@stewartmckelvey.com

To the Vendors:

Attention: Micheline MacKay
Email: micheline.mackay@mernova.com

With a copy to:

MLT Aikins LLP, legal counsel to the Vendors

Attention: Chris Nyberg
Email: cnyberg@mltaikins.com

Doane Grant Thornton

Schedule "B"

Auction

1. In the event of an Auction, the Monitor shall schedule and conduct the Auction commencing at the offices of the Monitor's legal counsel, at 600-1741 Lower Water Street Halifax, NS B3J 0J2, or such other location as shall be timely communicated to all entities entitled to attend at the Auction.

2. The Auction shall run in accordance with the following procedures, which shall be adjusted accordingly in the event of any adjournment of the Auction by the Monitor:

    (a) prior to 5:00 p.m. Atlantic Standard Time no less than two business days before the Auction, the Monitor will provide unredacted copies of the Qualified Bid(s) which the Monitor believes is/are (individually or in the aggregate) the highest or otherwise best Qualified Bid(s) (the "**Starting Bid**") to all Qualified Bidders that have made a Qualified Bid;

    (b) prior to 5:00 p.m. Atlantic Standard Time no less than one business day before the Auction, each Qualified Bidder that has made a Qualified Bid must inform the Monitor by email whether it intends to participate in the Auction (the parties who so inform the Monitor that they intend to participate are hereinafter referred to as the "**Auction Bidders**");

    (c) prior to the Auction, the Monitor shall develop a financial comparison model (the "**Comparison Model**") which will be used to compare the Starting Bid and all Subsequent Bids (as defined below) submitted during the Auction, if applicable;

    (d) during the morning of the Auction, the Monitor shall make itself available to meet with each of the Auction Bidders to review the procedures for the Auction, the mechanics of the Comparison Model, and the manner by which Subsequent Bids will be evaluated during the Auction, and the Auction shall be held immediately thereafter;

    (e) only representatives of the Auction Bidders, the Monitor, the Vendors and such other persons as permitted by the Monitor (and the advisors to each of the foregoing entities) are entitled to attend the Auction in person (and the Monitor shall have the discretion to allow such persons to attend by teleconference);

    (f) the Monitor shall arrange to have a court reporter attend the Auction;

    (g) at the commencement of the Auction, each Auction Bidder shall be required to confirm that it has not engaged in any collusion with any other Auction Bidder with respect to the bidding or any sale;

    (h) only the Auction Bidders will be entitled to make a Subsequent Bid (as defined below) at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder's Qualified Bid, shall nevertheless remain fully enforceable against such Qualified Bidder if it is selected as the Winning Bid (as defined below) or Back-up Bid;

(i) all Subsequent Bids presented during the Auction shall be made and received in one room and on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;

(j) all Auction Bidders must have at least one individual present at the Auction with authority to bind such Auction Bidder;

(k) the Monitor may employ and announce at the Auction such additional procedural rules that are reasonable under the circumstances (including but not limited to, the amount of time allotted to make a Subsequent Bid, requirements to bid in each round, and the ability of multiple Auction Bidders to combine to present a single bid) for conducting the Auction, provided that such rules are (i) not inconsistent with these SISP Procedures, general practice in insolvency proceedings, the CCAA Order, or the SISP Order and (ii) disclosed to each Auction Bidder at the Auction;

(l) bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (each, a "**Subsequent Bid**") that the Monitor, utilizing the Comparison Model, determines is:

(i) for the first round, a higher or otherwise better offer than the Starting Bid;

(ii) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below),

in each case by at least the minimum incremental overbid of at least $100,000. After the first round of bidding and between each subsequent round of bidding, the Monitor shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (in each round, the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid;

(m) to the extent not previously provided (which shall be determined by the Monitor), an Auction Bidder submitting a Subsequent Bid must submit, at the Monitor's discretion, as part of its Subsequent Bid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Monitor), demonstrating such Auction Bidder's ability to close the transaction proposed by the Subsequent Bid;

(n) the Monitor reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction of not more than 24 hours each, to among other things (i) facilitate discussions between the Monitor and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Monitor with such additional evidence as the Monitor, in its reasonable business judgment, may require that that Auction Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing overbid amount;

(o) if, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed;

(p) the Auction shall be closed within two (2) Business Days of the start of the Auction unless otherwise extended by the Monitor; and

(q) no bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.

3. At the end of the Auction, the Monitor, in consultation with the Vendors, shall select the winning bid (the “**Winning Bid**”). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid as selected by the Monitor (the “**Selected Superior Offer**”) in accordance with the provisions hereof, the Selected Superior Offer shall be the “**Successful Bid**” hereunder and the person(s) who made the Selected Superior Offer shall be the “**Successful Bidder**” hereunder.

4. Notwithstanding the foregoing, the Monitor may designate one or more Qualified Bids (whether made in the Auction or not) as a “**Back-up Bid**” and the person(s) who made the Back-up Bid shall be a “**Back-up Bidder**” hereunder. A Back-up Bid shall remain enforceable against the Back-up Bidder until either the transaction contemplated by the initial applicable Successful Bid closes (in which case the Back-up Bid shall be deemed to terminate and the Back-up Bidder shall receive its Deposit back) or the transaction contemplated by the initial Successful Bid does not close, in which case the Monitor may deem the best Back-up Bid to be the Successful Bid for the purposes of the SISP Procedures.