

- (j) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder:
    - (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Companies 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 in Phase 1 from the Phase 2 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 Companies or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Companies;
  - (k) the bid is received by the Phase 2 Bid Deadline; and
  - (l) the bid contemplates closing the transaction set out therein on or before July 21, 2023.
29. Following the Phase 2 Bid Deadline, the Companies, together with the Proposal Trustee, will assess the Phase 2 Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Phase 2 Bids received shall be deemed to be Qualified Bids without the approval of the Proposal Trustee. Only Phase 2 Qualified Bidders whose bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s).
30. The Proposal Trustee shall notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constitutes a Qualified Bid within ten (10) Business Days of the Phase 2 Bid Deadline, or at such later time as the Proposal Trustee deems appropriate.
31. If the Company, in consultation with the Proposal, is not satisfied with the number or terms of the Qualified Bids, the Proposal Trustee may, elect to (i) extend the Phase 2 Bid Deadline; or (ii) seek Court approval to formally amend to the SISP.
32. The Companies may, in consultation with the Proposal Trustee, aggregate separate Phase 2 Bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

***Evaluation of Competing Bids***

33. The Companies, in consultation with the Proposal Trustee, 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 Phase 2 Qualified Bidder to successfully complete such transactions;
  - (c) the proposed transaction documents;

***Formal Binding Offers***

28. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Companies or their Property or Business shall submit a binding offer (a "**Phase 2 Bid**") that complies with all of the following requirements to Companies and the Proposal Trustee 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 (Calgary Time) on July 7, 2023, or as may be modified in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
- (a) the bid shall comply with all of the requirements set forth in paragraph 20 above in respect of Phase 1 Qualified LOIs;
  - (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 some or all of the Companies or their Property or Business and is consistent with any necessary terms and conditions established by the Companies and the Proposal Trustee and communicated to Phase 2 Qualified Bidders;
  - (c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined herein), provided that if such Phase 2 Qualified 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 and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;
  - (e) 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 Companies and the Proposal Trustee to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
  - (f) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 1 from the Phase 2 Qualified Bidder, or (ii) obtaining financing, but may be conditioned upon the Companies receiving the required approvals or amendments relating to the licences required to operate the Business, if necessary;
  - (g) 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;
  - (h) for a Sale Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the form of a wire transfer to a trust account specified by the Proposal Trustee (a "**Deposit**") in the amount of not less than 15% of the Purchase Price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
  - (i) for an Investment Proposal, the bid includes a Deposit in the amount of not less than 15% of the total new investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;

- (j) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder:
    - (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Companies 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 in Phase 1 from the Phase 2 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 Companies or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Companies;
  - (k) the bid is received by the Phase 2 Bid Deadline; and
  - (l) the bid contemplates closing the transaction set out therein on or before July 21, 2023.
29. Following the Phase 2 Bid Deadline, the Companies, together with the Proposal Trustee, will assess the Phase 2 Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Phase 2 Bids received shall be deemed to be Qualified Bids without the approval of the Proposal Trustee. Only Phase 2 Qualified Bidders whose bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s).
30. The Proposal Trustee shall notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constitutes a Qualified Bid within ten (10) Business Days of the Phase 2 Bid Deadline, or at such later time as the Proposal Trustee deems appropriate.
31. If the Company, in consultation with the Proposal, is not satisfied with the number or terms of the Qualified Bids, the Proposal Trustee may, elect to (i) extend the Phase 2 Bid Deadline; or (ii) seek Court approval to formally amend to the SISP.
32. The Companies may, in consultation with the Proposal Trustee, aggregate separate Phase 2 Bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

***Evaluation of Competing Bids***

33. The Companies, in consultation with the Proposal Trustee, 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 Phase 2 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.

***Selection of Successful Bid***

34. The Companies, in consultation with the Proposal Trustee, will:
- (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Companies, in consultation with the Proposal Trustee, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Phase 2 Qualified Bid as a result of such negotiations; and
  - (b) identify the highest or otherwise best bid (the “**Successful Bid**”, and the Phase 2 Qualified Bidder making such Successful Bid, the “**Successful Bidder**”) for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Companies, with the assistance of the Proposal Trustee, shall be subject to approval by the Court.
35. The Companies shall have no obligation to enter into a Successful Bid, and it reserves the right, after consultation with the Proposal Trustee, to reject any or all Phase 2 Qualified Bids.

***Transaction Approval Application Hearing***

36. At the hearing of the application to approve any transaction with a Successful Bidder (the “**Transaction Approval Application**”), the Companies shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Phase 2 Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Companies on and as of the date of approval of the Successful Bid by the Court.

***Confidentiality and Access to Information***

37. 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, Phase 1 Qualified Bidders, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Companies, the Proposal Trustee and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Companies, with the approval of the Proposal Trustee and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
38. The Proposal Trustee may consult with any parties with a material interest in the BIA proceedings regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Proposal Trustee (subject to paragraph 37 and taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 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 Companies and the Proposal Trustee.

***Deposits***

39. All Deposits shall be retained by the Proposal Trustee in a non-interest-bearing trust account located at a financial institution in Canada.
40. If there is a Phase 2 Qualified Bid that constitutes a Successful Bid, the Deposit paid by the person making such Successful Bid shall be applied to the consideration to be paid by such Qualified Bidder upon closing of the transaction constituting the Successful Bid.
41. The Deposit(s) from all Qualified Bidders submitting Phase 2 Qualified Bids that do not constitute a Successful Bid shall be returned to such Qualified Bidder within five (5) Business Days of the earlier of the date that the Companies select a Successful Bid or the Court declares a Successful Bid.
42. If the Qualified Bidder making a Phase 2 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, it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Companies; 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 Companies have in respect of such breach or default.
43. If the Companies are unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) than the Deposit shall be returned to the Successful Bidder.

***Supervision of the SISP***


44. The Proposal Trustee shall oversee, in all respects, the conduct of the SISP by the Companies and, without limitation to that supervisory role, the Proposal Trustee will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, and any other orders of the Court, and is entitled to receive all information in relation to the SISP. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.
45. The Proposal Trustee, in consultation with the Company, may waive compliance with any one or more of the requirements of this SISP, including, for greater certainty,
  - (a) deem a non-compliant LOI to be a Qualified LOI; and
  - (b) waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Phase 2 Bids to be a Qualified Bid.
46. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Companies or the Proposal Trustee and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Companies.
47. Without limiting the preceding paragraph, the Proposal Trustee shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1

Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, the Companies, or any creditor or other stakeholder of the Companies, 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 wilful misconduct of the Proposal Trustee. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Proposal Trustee for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Proposal Trustee.

48. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
49. Subject to the terms of the SISP Order, the Companies shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) with the prior written approval of the Proposal Trustee 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 the NOI Proceedings shall be advised of any substantive modification to the procedures set forth herein.
50. In order to discharge its duties in connection with the SISP the Proposal Trustee may engage professional or business advisors or agents as the Proposal Trustee deems fit in its sole discretion.

***Further Orders***

45. At any time during the SISP, the Proposal Trustee or the Companies may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder, if any.



Schedule "1"

**To the Companies**

Dynaleo Inc. and Dynaleo Group Services Inc.  
3365-11th Street #2  
Nisku, Alberta T9E 8M8

**Attention: Michael Krestell**

Email: [michael.krestell@dynaleo.com](mailto:michael.krestell@dynaleo.com)

with a copy to

Miller Thomson LLP  
3000, 700 - 9th Avenue SW  
Calgary, Alberta T2P 3V4

**Attention: James Reid**

Email: [jwreid@millermthomson.com](mailto:jwreid@millermthomson.com)

**To the Proposal Trustee:**

Harris & Partners Inc.  
500 4th Avenue SW, Unit 1910  
Calgary, Alberta T2P 2V6

**Attention: Jill Strueby**

Email: [jill@harrispartners.ca](mailto:jill@harrispartners.ca)

with a copy to

MLT Aikens LLP  
2100, 222 3 Ave SW  
Calgary, AB T2P 0B4

**Attention: Ryan Zahara**

Email: [rzahara@mltaikens.com](mailto:rzahara@mltaikens.com)



# Attachment Two to Email

A small, handwritten mark or signature enclosed in a circle, located in the bottom right corner of the page.



**THIS CONFIDENTIALITY AGREEMENT** (the "**Agreement**") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2023 (the "**Effective Date**");

Between:

**HARRIS & PARTNERS INC.**, in its capacity as the proposal trustee of **DYNALEO INC.** and **DYNALEO GROUP SERVICES INC.** (the "**Companies**"), and not in its personal or corporate capacity (the "**Proposal Trustee**")

- and -

[**Potential Bidder**] (the "**Potential Bidder**" and together with the Proposal Trustee, the "**Parties**" and each a "**Party**")

**BACKGROUND:**

- A. On May 23, 2023, the Companies each filed a Notice of Intention to Make a Proposal ("**NOI**") under Section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") and the Proposal Trustee consented to act as proposal trustee to each of the Companies in respect of the NOI proceedings.
- B. On May 30, 2023, the Honourable Justice D.B. Nixon of the Court of King's Bench of Alberta (the "**Court**") granted an Order (the "**SISP Order**") authorizing the Companies, with the assistance of the Proposal Trustee, to pursue all avenues for the sale of, or investment in, their business operations as a going concern (the "**Business**") or assets in the Business, in whole or in part (the "**Assets**"), subject to the prior approval of the Court.
- C. In conjunction with the Companies, the Proposal Trustee shall conduct the sale and investment solicitation process (the "**SISP**") approved by the Court in the SISP Order.
- D. This Agreement has been provided to potentially interested parties or any parties on request, along with a Teaser Letter (as defined in the SISP). Any party wishing to participate in the SISP must deliver to the Companies and the Proposal Trustee, among other things, an executed copy of this Agreement, which shall inure to the benefit of any purchaser of the Business or Assets, or any portion thereof.
- E. The Companies have agreed to allow the Potential Bidder (and, if applicable, the Potential Bidder's legal counsel or financial advisors) to access confidential information regarding the Business or Assets upon the execution and delivery of this Agreement by the Potential Bidder to the Companies and the Proposal Trustee.

**NOW THEREFORE**, in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

**1. Definitions and Interpretation**

**1.1 Definitions:** In this Agreement, except as otherwise expressly provided:

- (a) "**Confidential Information**" means the particulars regarding the Companies, the Business and/or Assets and includes, without limitation, all inspections, reports, analyses, compilations, data, studies, notes, interpretations, memoranda or other documents, which



the Companies shall provide to the Potential Bidder. Confidential Information excludes any information that is, as at the Effective Date, in the public domain through no fault of the Potential Bidder, and any information that, after the Effective Date, becomes part of the public domain through no fault of the Potential Bidder; and

- (b) **"Person"** means a natural person; sole proprietorship; syndicate; estate; an individual in his capacity as trustee, executor, administrator or other legal or personal representative; firm; trust; pension plan; partnership; joint venture; association; corporation; unincorporated organization; union; governmental body; or other entity and a successor to any such Person.
- (c) **"Transaction"** means the transaction that results from the SISP.

**1.2 Interpretation:** In this Agreement, except as otherwise expressly provided:

- (a) all words and personal pronouns will be read and construed as the number and gender of the Parties required and the verb will be read and construed as agreeing with the required word and pronoun;
- (b) any reference in this Agreement to the Companies, the Proposal Trustee or the Potential Bidder will include and will be deemed to be a reference to such Party's successors, affiliates and permitted assigns; and
- (c) the division of this Agreement into articles and sections and the use of headings is for convenience of reference only and will not modify or affect the interpretation or construction of this Agreement or any of its provisions.

**2. Confidentiality and Non-Disclosure**

**2.1 Disclosure:** Any Confidential Information disclosed by the Proposal Trustee to the Potential Bidder is and shall at all times remain the property of the Companies, and shall be disclosed without conveying any right, title or interest of any nature whatsoever in or to such Confidential Information. All Confidential Information disclosed by the Proposal Trustee to the Potential Bidder shall be disclosed without any license to use, sell, exploit, copy or further develop in any way such Confidential Information.

**2.2 Non-Disclosure:** The Potential Bidder shall: (a) receive and maintain all Confidential Information in confidence; (b) keep all Confidential Information strictly secret and confidential and take all necessary steps and precautions to ensure that no other person will gain access to the Confidential Information or any part thereof; and (c) not make any disclosure of or any use of the Confidential Information except for the purpose of evaluating a Transaction and shall not take advantage of or use any of the Confidential Information to solicit investors, creditors, customers or suppliers of the Proposal Trustee or for any other reason.

**2.3 Maintaining Confidentiality:**

- (a) Except as may be required by applicable law, the Potential Bidder will not divulge any Confidential Information to other persons unless first approved by the Proposal Trustee in writing, in which case any permitted disclosure shall be limited to the extent necessary to allow the Potential Bidder to evaluate and consider the Confidential Information for the purpose of evaluating a Transaction. To the extent disclosure is made to any third party,

such third parties are to be instructed that the Confidential Information is confidential and must first agree to keep such Confidential Information confidential.

- (b) In the event the Potential Bidder becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigation, demand, order or other legal process) to disclose any of the contents of the Confidential Information, the Proposal Trustee agrees that the Potential Bidder may do so without liability, provided that the Potential Bidder: (a) cooperates with the Proposal Trustee in any attempts it may make to obtain a protective order or other appropriate assurance that confidential treatment will be afforded the Confidential Information, and (b) if no protective order is obtained and disclosure is required, (i) furnish only that portion of the Confidential Information that, in the Potential Bidder's counsel's opinion, the Potential Bidder is legally compelled to disclose, and (ii) take all reasonable measures to obtain reliable assurance that confidential treatment will be accorded the Confidential Information

**2.4 Maintenance:** The Potential Bidder shall store the Confidential Information securely and ensure that appropriate physical, technological and organizational measures are in place to protect the Confidential Information against unauthorized or unintended access, use or disclosure. The Potential Bidder shall not retain the Confidential Information for longer than is necessary to enter into and complete the Transaction, as the case may be.

**2.5 Continuing Obligations Regarding Confidentiality:** The obligations of confidentiality and non-disclosure contained in this Agreement will survive the completion of the Transaction or notice of termination and will be binding on the Potential Bidder whether or not any such Transaction proceed.

**2.6 Responsibility for Others:** The Potential Bidder agrees that it will be responsible for any breach of this Agreement by its respective directors, officers, employees, advisors, representatives, consultants, agents, affiliates and related Persons, as the case may be.

### **3. Representations, Warranties & Covenants**

**3.1 No Representation or Warranty:** Neither the Companies nor the Proposal Trustee: (a) make any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information; or (b) shall be liable to the Potential Bidder or to any other Person for any losses, liabilities, damages, claims, demands or expenses resulting from, connected with or arising out of the Potential Bidder's possession or use of the Confidential Information. Nothing in this Agreement or in the disclosure of the Confidential Information confers any interest in the Confidential Information in or on the Potential Bidder.

**3.2 Communication:** The Potential Bidder agrees that all (a) contacts and communications regarding the Confidential Information or a Transaction, (b) requests for additional information or Confidential Information, (c) requests for facility tours or management meetings with the Companies, and (d) discussions or questions regarding procedures, will be submitted or directed only to \_\_\_\_\_. The Potential Bidder further agrees that under no circumstances will the Potential Bidder contact (directly or indirectly) any director, officer, shareholder, employee or other representative of the Companies or any of their affiliates regarding a possible Transaction or the Confidential Information without the prior written consent of the Proposal Trustee. The Potential Bidder further agrees that under no circumstances will the Potential Bidder discuss or otherwise communicate any aspect of the Confidential Information or a Transaction to any member of the management of the Companies without the express written



permission of the Proposal Trustee. Without the Proposal Trustee's prior written consent, the Potential Bidder shall not, and shall direct the Potential Bidder's representatives not to, make any contact of any nature (directly or indirectly) regarding a possible Transaction (including inquiries or requests concerning Confidential Information) with any person involved in or having had a business relationship with the Companies, including but not limited to any employee, dealer, supplier, customer, creditor, bank or other lender of or to the Companies.

- 3.3 **Non-Solicitation:** The Potential Bidder agrees that they will not, for a period of twelve (12) months after the date hereof, initiate the solicitation for employment of any person who is now employed by the Proposal Trustee or any customers or suppliers of the Proposal Trustee that the Potential Bidder did not already have a pre-existing contractual arrangement with. The foregoing does not prohibit the Potential Bidder from making general non-targeted solicitations for employment or from employing any person who is now employed by the Proposal Trustee who might respond to such a general non-targeted solicitation of employment.

#### 4. **Termination & Enforcement**

- 4.1 **Termination by Discloser:** The Proposal Trustee may elect at any time to terminate further access by the Potential Bidder to the Confidential Information. If at any time the Potential Bidder determines not to proceed with a Transaction, the Potential Bidder will promptly notify the Proposal Trustee in writing. Following any request by the Proposal Trustee, the Potential Bidder agrees (a) to promptly re-deliver to the Proposal Trustee all written Confidential Information and any other written material containing or reflecting any of the Confidential Information in the possession of the Potential Bidder, (b) the Potential Bidder will not retain any copies, extracts or other reproductions in whole or in part, mechanical or electronic, of such written material, and (c) all the notes prepared by the Potential Bidder will be destroyed, with all such destruction being confirmed by the Potential Bidder to the Proposal Trustee in writing.

- 4.2 **Indemnity:** The Potential Bidder will indemnify and save the Companies and the Proposal Trustee harmless from and against any and all liabilities, losses, costs, damages, claims, demands, suits, actions, expenses and disbursements of whatever kind and nature which may be incurred by, imposed upon, asserted against, or demanded from, the Companies in connection with any breach of or non-compliance with the provision of this Agreement by the Potential Bidder or by its respective directors, officers, employees, advisors, representatives, agents, affiliates or related Persons.

#### 5. **General**

- 5.1 **Waiver:** No delay or omission of the Companies in the exercise of any right accruing upon any default of the Potential Bidder, or either of them, will impair such right or be construed as a waiver thereof, and every such right may be exercised at any time during the continuance of such default. A waiver by the Companies of any breach of, or a default in, any of the terms and conditions of this Agreement by the Potential Bidder will not be construed or interpreted to be a waiver of any subsequent breach of or default in the same or any other provision of this Agreement.
- 5.2 **Remedies Generally:** All of the remedies of the Proposal Trustee specified in this Agreement or otherwise available at law or in equity will be available in every instance and will not be exclusive or in the alternative but will be cumulative and may be exercised at such times and in such order as may be beneficial in the circumstances.

- 5.3 Entire Agreement:** This Agreement constitutes the entire agreement between the Parties and supersedes all prior contracts, agreements and understandings pertaining to the subject matter of this Agreement. No amendment, modification or alteration of this Agreement shall be binding unless executed in writing by the Parties. There are no representations, warranties, collateral agreements or conditions affecting this transaction other than as are expressed or referred to herein in writing.
- 5.4 Assignment:** This Agreement may not be assigned by the Potential Bidder without the prior written consent of the Proposal Trustee.
- 5.5 Enurement:** This Agreement shall enure to the benefit of the Parties and the Companies and their successors and assigns and shall be binding upon the Parties and the Companies and their successors and permitted assigns.
- 5.6 Severability:** Any article, section or other subdivision or any other provision of this Agreement that is deemed to be, or becomes, void, illegal, invalid or unenforceable will be severable from this Agreement and ineffective to the extent of such voidability, illegality, invalidity or unenforceability and will not invalidate, affect or impair the remaining provisions of this Agreement, which will be severable from any void, illegal, invalid or unenforceable article, section or other subdivision or provision.
- 5.7 Governing Law:** This Agreement and its application and interpretation will be governed by and construed in accordance with the laws in force in the Province of Alberta, and each of the Parties irrevocably submits to the jurisdiction of the Courts in the NOI proceedings for the interpretation and enforcement of this Agreement.
- 5.8 No Recourse:** The Potential Bidder shall have no recourse against the Proposal Trustee in either its personal or corporate capacity.
- 5.9 Amendment:** This Agreement may only be amended by written agreement signed by the Parties.
- 5.10 Liability of Potential Bidder:** If the Potential Bidder consists of more than one Person, the covenants of the Potential Bidder will be joint and several covenants of each such Person.
- 5.11 Electronic Copies and Counterparts:** This Agreement may be executed and delivered by electronic means of transmission and the Parties may rely upon such copies of the Agreement so delivered as though such copies are originals of this Agreement. This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered will be deemed to be an original, and all such counterparts together will constitute one and the same instrument and, notwithstanding the date of execution, will be deemed to be dated as of the date written at the beginning of this Agreement.

*[Remainder of the page left blank; signature page to follow]*



**IN WITNESS WHEREOF** the Parties have duly executed this Agreement as of the Effective Date.

**HARRIS & PARTNERS INC.**, in its capacity as  
Proposal Trustee of **DYNALEO INC.** and  
**DYNALEO GROUP SERVICES INC.**, and not in  
its personal or corporate capacity

\_\_\_\_\_  
Per:  
Title:

Potential Bidder Name:

\_\_\_\_\_  
Per:  
Title:

\_\_\_\_\_  
Witness Name:



# Attachment Three to Email

A handwritten signature or set of initials in the bottom right corner of the page, enclosed in a circular scribble.

Sales and Investment Solicitation Process – Division 1 Proposal  
Acquisition Opportunity: Dynaleo Inc.  
Cannabis – Infused Edibles Manufacturing, in Nisku, Alberta



# Innovative gummy solutions

Premier, State of the Art, Edibles Manufacturing Facility, in Nisku, Alberta

**Dynaleo**

Bid Deadline: June 23, 2023

Harris  
Partners

Handwritten initials or mark.



# Investment or Asset Acquisition Opportunity

## Company Background

Dynaleo Inc. ("**Dynaleo**" or the "**Company**") is a business that offers cannabis infused edible products with a state of the art facility in Nisku, Alberta. In 2019, the Company began an extensive project, constructing an approximately 26,000 square foot leased facility, including licensed production and packaging rooms, QA offices, a vault and multiple ingredient/storage rooms. The non-licensed space consists of office space, maintenance shop, board room, lunch and training room, change rooms and a gowning area. Upon completion of the leasehold improvements, and receiving the required Health Canada licenses, the Company began operations in 2021.

Dynaleo's head office is located at 3365 11 Street, Nisku, AB (the "**Leased Premises**") and it shared the facility with a related company, Dynaleo Services Inc. ("**Dynaleo Services**"). This leased facility is well-located, in the warehouse district of Nisku, AB and perfectly situated for a manufacturing business.

The Company's assets (the "**Assets**") primarily consist of extensive tenant improvements related to the construction of the facility, high end manufacturing equipment, including production and manufacturing equipment for producing gummies, sorting equipment, packaging and labelling machinery.

Dynaleo boasts superior, state-of-the-art facilities, that provide an opportunity for profitability and growth in the future. This "turn-key ready" facility is considered a very rare find and an exciting purchase opportunity for any interested buyer.

The Company's assets can produce up to 50,000 gummies per hour and labelling capability in the range of 1,200 to 1,800 packaged bags per hour depending on the size.

## Court Process

On May 23, 2023, the Company filed a Notice of Intention to Make a Proposal ("**NOI**"). On May 30, 2023, the Honourable D.B. Nixon of the Court of King's Bench of Alberta (the "**Court**") granted an Order (the "**SISP Order**") in the NOI Proceedings which, among other things, authorized the Companies, with the assistance of the Proposal Trustee, to pursue all avenues of sale of or investment in their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.

Further information regarding the SISP can be found on the following page or on HPI's website at [www.hpiadvisory.com/dynaleo](http://www.hpiadvisory.com/dynaleo).

## Acquisition Highlights



### Licenses

- Standard Processing license to produce and sell Edibles, Plants/Seeds, Dried/Fresh, Extracts and Topicals
- Research license to conduct sensory testing onsite



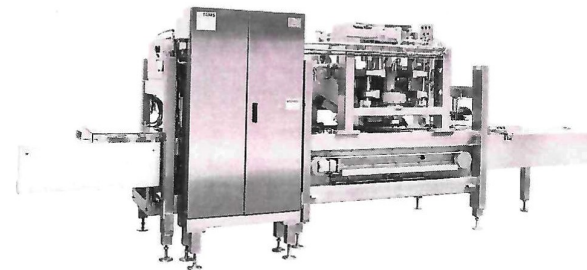
### Facilities

- The leased facility offers ~26,000 square feet of space including several storage and temperature-controlled spaces.
- The facility is located in bays 2 and 3 of the building, which offers ample offices and storage space.
- The furnishings within the facility are of high-end quality and include extensive leasehold improvements.



### Equipment

- All equipment required for end-to-end production and packaging of gummies are of recent age and in very good condition.
- The equipment can produce cannabis infused and non-infused gummies without modification.



**Dynaleo**

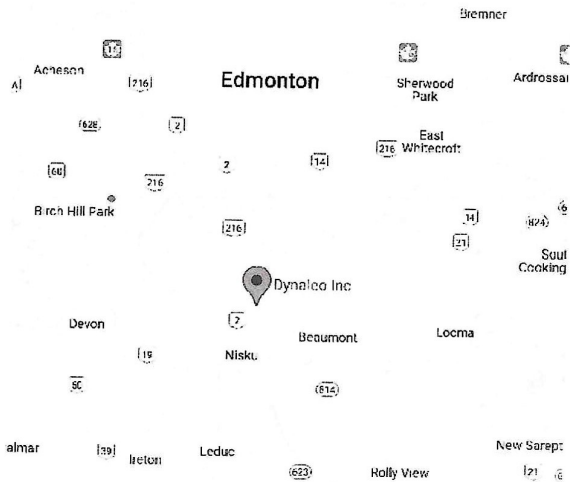
Harris  
Partners

# Location Details

## Location Details

**Nisku Facility**  
Address: #2 and #3 – 3365 11 Street, Nisku, AB  
Facility Size: 26,000 square feet

## Location Map



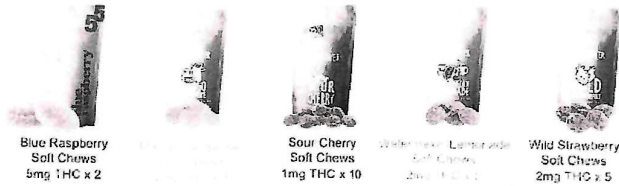
## Facility Photos



*Note: Approximate outline of leased space*

# Developed Recreational and Wellness Brands

## THC ONLY

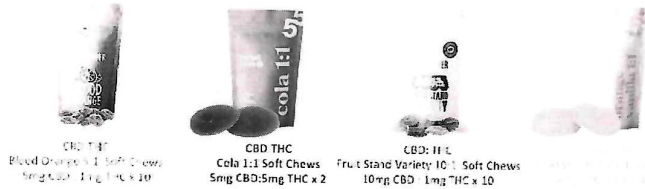


Blue Raspberry Soft Chews  
5mg THC x 2

Sour Cherry Soft Chews  
1mg THC x 10

Wild Strawberry Soft Chews  
2mg THC x 5

## CBD:THC



Blood Orange 1:1 Soft Chews  
5mg CBD : 1mg THC x 20

Cola 1:1 Soft Chews  
5mg CBD:5mg THC x 2

Fruit Stone Variety 10:1 Soft Chews  
10mg CBD : 1mg THC x 10

## CBD ONLY

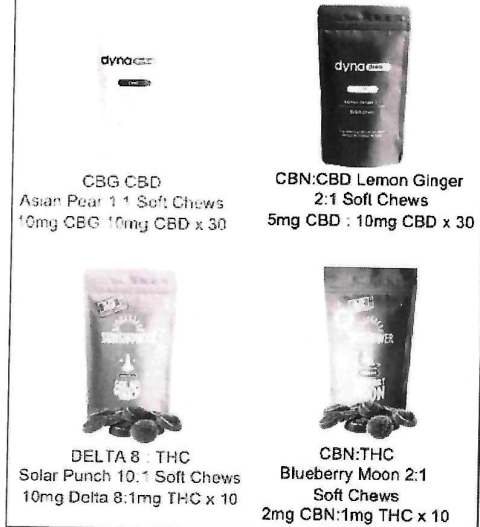


Blueberry Acai CBD Soft Chews  
25mg CBD x 30

Pomegranate CBD Soft Chews  
10mg CBD x 30

Pomegranate CBD Soft Chews  
10mg CBD x 60

## MINOR CANNABINOIDS



CBG CBD Asian Pear 1:1 Soft Chews  
10mg CBG : 10mg CBD x 30

CBN:THC Lemon Ginger 2:1 Soft Chews  
5mg CBN : 10mg CBD x 30

DELTA 8 : THC Solar Punch 10:1 Soft Chews  
10mg Delta 8 : 1mg THC x 10

CBN:THC Blueberry Moon 2:1 Soft Chews  
2mg CBN : 1mg THC x 10

Dynathrive, Pocket Fives, and Sunshower are the 4th largest edibles business in Canada, available in all key markets (BC, AB, SK, MB, ON).

FY 22 Revenue: \$5.9 MM  
 FY 23 Revenue (4 months Jan - Apr): \$2.2 MM

Note: SKU availability by market varies

**Dynaleo**

Harris Partners

# Investment or Purchase Process and Next Steps

## Next Steps

HPI is conducting the SISP in accordance with the SISP Order. The respective SISP documents can be found on the Proposal Trustee's website: [www.hpiadvisory.com/dynaleo](http://www.hpiadvisory.com/dynaleo).

The SISP is intended to solicit interest in an investment in the business or completing a transaction of all or substantially all of the Company's Assets as defined on page 2. The SISP is conducted on an "*as is where is*" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Proposal Trustee or the Company whatsoever.

All qualified interested parties will be provided with an opportunity to participate in the SISP and are required to execute a Non-Disclosure Agreement that accompanies this Teaser to receive access to a data room with additional information. Please contact a representative of the Proposal Trustee listed below for further information.

Per the SISP, any interested party must abide by the following:

- **Phase I Non-Binding Bid Deadline:** 5:00pm (Calgary Time) on **June 23, 2023**
- **Phase II Binding Bid Deadline:** 5:00pm (Calgary Time) on **July 7, 2023**

HPI reserves the right at any time to amend or terminate these SISP procedures, to decline an interested party the ability to participate in the process, to terminate the discussions with any or all interested parties, to reject any or all offers, or to negotiate with any party with respect to a possible transaction.

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**Dynaleo**

**Harris  
Partners**

This is Exhibit "B" referred to in the Affidavit of Michael Krestell sworn before me this 14th day of August 2023

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A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

