

Sale and Investment Solicitation Process

INTRODUCTION

1. On March 9, 2023, the Honourable Justice J. Fagnan in Alberta Court of King's Bench (the "**Court**") Action No. 2301-03179 (the "**CCAA Proceedings**") granted an order (the "**Initial Order**"), among other things, appointing FTI Consulting Canada Inc. ("**FTI**") as monitor (the "**Monitor**") of Dynamic Technologies Group Inc. ("**DTG**"), Dynamic Attractions Ltd. ("**DAL**"), Dynamic Attractions Inc. ("**DAI**"), Dynamic Entertainment Group Ltd. ("**DEGL**"), and Dynamic Structures Ltd. ("**DSL**"), and collectively with DTG, DAL, DAI, and DEGL, the "**Dynamic Group**" or the "**Debtors**").
2. On March 16, 2023, the Honourable Justice D.R. Mah of the Court granted, among others, the following Orders:
 - (a) an Amended and Restated Initial Order (the "**ARIO**") which, among other things:
 - (i) extended the stay of proceedings in respect of the Debtors until May 26, 2023; and
 - (ii) increased the amounts available to the Debtors under an interim financing agreement (the "**Interim Financing**") with Promising Expert Limited ("**PEL**" or the "**Interim Lender**") to a maximum principal amount of \$2,600,000 in financing to the Debtors, as well as granting a charge over all of the Debtors' present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof; and
 - (b) an Order (the "**SISP Order**"), authorizing the Monitor, with the assistance of the Debtors, to conduct a sale and investment solicitation process (the "**SISP**") as further described herein to allow the Debtors to pursue all avenues of sale of their assets or investment in their business, in whole or in part, subject to prior approval of the Court before any material sale or investment.
3. The Debtors intend to provide all qualified interested parties with an opportunity to participate in the SISP.
4. This document (the "**SISP Procedure**") outlines the SISP, which is comprised of two phases ("**Phase 1**" and "**Phase 2**", respectively).
5. 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 Alberta (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 Calgary, Alberta. Capitalized terms not otherwise defined in this SISP Procedure have the meanings set forth in the materials filed by the Debtors in support of the SISP Procedure or the Reports of the Monitor.

OPPORTUNITY

6. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Debtors' 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 Debtors as a going concern, or a sale of all, substantially all, or one or

more components of the Debtors' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

7. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (as defined herein), any sale of the Property or investment in the Business 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 Debtors, 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 Debtors 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 Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.

TIMELINE

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

Milestone	Deadline
Monitor to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	March 16 – 24, 2023
Monitor to prepare and have available for Potential Bidders the Data Room	March 24, 2023
Phase 1 Bid Deadline	April 28, 2023
Phase 2 Bid Deadline	May 26, 2023
Auction (if required)	June 8, 2023
Transaction Approval Application Hearing	June 16, 2023
Closing Date Deadline	June 30, 2023

The dates set out in the SISP may be extended by the Monitor with the consent and approval of the Debtors.

SOLICITATION OF INTEREST: NOTICE OF THE SISP

9. As soon as reasonably practicable, but in any event by no later than March 24, 2023:
- (a) the Debtors, in consultation with the Monitor, will prepare a list of Potential Bidders (as defined herein), including:
- (i) parties that have approached the Debtors or the Monitor indicating an interest in the Opportunity; and
- (ii) local and international strategic and financial parties who the Debtors, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in the Debtors pursuant to the SISP,
- (collectively, "**Known Potential Bidders**");

- (b) the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Debtors, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition), and any other industry publication, website, newspaper or journal as the Debtors, in consultation with the Monitor, consider appropriate, if any;
 - (c) the Debtors will issue a press release with Canada Newswire setting out the information contained in the Notice and such other relevant information which the Debtors, in consultation with the Monitor, consider appropriate designating dissemination in Canada; and
 - (d) the Debtors, in consultation with the Monitor, will prepare:
 - (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and
 - (ii) a non-disclosure agreement in form and substance satisfactory to the Debtors and the Monitor, and their respective counsel (an "**NDA**").
10. The Monitor shall send the Teaser Letter and NDA to each Known Potential Bidder by no later than March 31, 2023 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Debtors or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

PHASE 1: NON-BINDING LOIs

Qualified Bidders and Delivery of Confidential Information Memorandum

11. Any party who wishes to participate in the SISP (each, a "**Potential Bidder**") must deliver to the Monitor, unless the Monitor confirms to such Potential Bidder that the below documents were already provided to the satisfaction of, or are already available to, the Debtors and the Monitor:
- (a) an executed NDA which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof. If the Potential Bidder has previously delivered an NDA and letter of this nature to the Debtors or Monitor and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter pursuant to this section unless otherwise requested by the Monitor;
 - (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 Debtors and the Monitor to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Sale Proposal or Investment Proposal (as each is defined herein), as applicable.
12. If the Debtors and the Monitor, determine that a Potential Bidder has:
- (a) delivered the documents contemplated in paragraph 11 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 "**Phase 1 Qualified Bidder**". For greater certainty, no Potential Bidder shall be deemed to be a Phase 1 Qualified Bidder without the approval of the Monitor.

13. At any time during Phase 1 of the SISP, the Monitor may, in its reasonable business judgment and after consultation with the Debtors, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP, will no longer be a Phase 1 Qualified Bidder for the purposes of this SISP, and shall have no further recourse as against the Debtors or the Monitor.
14. The Monitor, with the assistance of the Debtors, shall prepare a data room with additional information considered relevant to the Opportunity. The Debtors, the Monitor and their respective advisors make no representation or warranty as to the information made available pursuant to the SISP, except to the extent expressly contemplated in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by the Debtors.
15. Potential Bidders must rely solely on their own independent review, investigation and/or inspection 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 Debtors.

Due Diligence

16. The Monitor, in consultation with the Debtors, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Phase 1 Qualified Bidder such access to due diligence material and information relating to the Property and Business as they or the Monitor deem appropriate. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Debtors, in their reasonable business judgment and after consulting with the Monitor, may agree.
17. The Monitor shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Debtors nor the Monitor shall be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if the Debtors, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

Non-Binding Letters of Intent from Phase 1 Qualified Bidders

18. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of intent (an "**LOI**") to the Monitor, with a copy to the Debtors, at the email addresses specified in Schedule "1" hereto, so as to be received by them not later than 5:00 PM (Calgary Time) on **April 28, 2023** (the "**Phase 1 Bid Deadline**").
19. Subject to paragraph 48, an LOI will only be considered a qualified LOI (a "**Qualified LOI**") if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;

- (b) it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); or
 - (ii) make an investment in, restructure, reorganize or refinance the Business or the Debtors (an "**Investment Proposal**");
- (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the Purchase Price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iii) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (iv) a description of the conditions and approvals required for a final and binding offer;
 - (v) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (d) in the case of an Investment Proposal, it identifies or contains the following:
 - (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Debtors in Canadian dollars;
 - (iii) the underlying assumptions regarding the *pro forma* capital structure;
 - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
 - (viii) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and

- (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Monitor or the Debtors.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

20. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Debtors, will assess the Qualified LOIs and, if it is determined that a Phase 1 Qualified Bidder that has submitted a Qualified LOI:

- (a) has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the case may be); and
- (b) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided;

then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Monitor may, in their reasonable business judgment and, with the approval of the Debtors, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account the factors identified in paragraph 21 hereof and any material adverse impact on the operations and performance of the Debtors. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. No Phase 1 Qualified Bidder that has submitted a Qualified LOI shall be deemed not to be a Phase 2 Qualified Bidder without the approval of the Monitor, in consultation with the Debtors.

21. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Monitor, with the approval of the Debtors, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to:

- (a) the number of Qualified LOIs received;
- (b) the extent to which the Qualified LOIs relate to the same Property or Business or involve Investment Proposals predicated on certain Property or Business;
- (c) the scope of the Property or Business to which any Qualified LOIs may relate; and
- (d) whether to proceed by way of sealed bid or auction with respect to some or all of the Property.

22. If the Monitor is not satisfied with the number or terms of the Qualified LOIs, the Monitor, in consultation with the Debtors, may extend the Phase 1 Bid Deadline without further Court approval and, unless otherwise provided for by the Monitor, the Phase 2 Bid Deadline (as defined herein), and any other deadlines or timeframes hereunder, shall be extended by the same time period, as necessary.

23. Following the determination of the manner in which to proceed to Phase 2 of the SISP in accordance with paragraphs 20 and 21 hereof, the Monitor, in consultation with the Debtors, may prepare a bid process letter for Phase 2 (the "**Bid Process Letter**") to be sent by the Monitor to all Phase 2 Qualified Bidders as soon as practically possible following the Phase 1 Bid Deadline.

Selection of High Value LOI and Termination of the SISP

24. If the Monitor receives a Qualified LOI that satisfies the additional high value LOI (the "**High Value LOI**") criteria contained in the Confidential Supplement to the First Report, then the Monitor, in consultation with the Debtors, may elect to terminate the SISP on a date subsequent to the Phase I Bid Deadline. The Debtors, in consultation with the Monitor, may then proceed to negotiate and finalize any such High Value LOI for immediate approval by the Court. The Monitor shall provide at least three (3) days' notice to the Debtors of the Monitor's intention to terminate the SISP pursuant to this paragraph.
25. Notwithstanding anything in the preceding paragraph, the SISP shall not be terminated prior to the Phase I Bid Deadline and may only be terminated by the Monitor if it believes there is a reasonable expectation that such High Value LOI can be closed expeditiously and in any event by no later than what would otherwise be the Phase II Bid Deadline, subject only to Court approval. Prior to obtaining Court approval of any High Value LOI, the Qualified Bidder shall also comply with, or satisfy, the conditions in sub-sections 27(d)-(l) hereof.

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

26. Paragraphs 27 to 39 below and the conduct of Phase 2 are subject to paragraphs 20 to 25, above, any adjustments made to Phase 2 in accordance with the Bid Process Letter, and any further Court order regarding the SISP.

Formal Binding Offers

27. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Debtors or their Property or Business shall submit a binding offer (a "**Phase 2 Bid**") that complies with all of the following requirements to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than 3:00 PM MT (Calgary Time) on May 26, 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 19 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 Debtors or their Property or Business and is consistent with any necessary terms and conditions established by the Debtors and the Monitor 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 Debtors

and the Monitor 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 Debtors 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 Monitor (a "**Deposit**") in the amount of not less than 10% 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 10% 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 Debtors 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 Debtors or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Debtors;
 - (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 June 30, 2023.
28. Following the Phase 2 Bid Deadline, the Monitor, together with the Debtors, 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 Monitor. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

29. The Monitor 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 Monitor deems appropriate.
30. If the Monitor, in consultation with the Debtors, is not satisfied with the number or terms of the Qualified Bids, the Monitor may, elect to (i) extend the Phase 2 Bid Deadline or (ii) seek Court approval to formally amend to the SISP.
31. The Monitor may, with the approval of the Debtors, aggregate separate Phase 2 Bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

Evaluation of Competing Bids

32. The Monitor, in consultation with the Debtors, 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

33. The Monitor, with the approval of the Debtors, will:
 - (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Debtors, in consultation with the Monitor, 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 Debtors, with the assistance of the Monitor shall be subject to approval by the Court.
34. The Debtors shall have no obligation to enter into a Successful Bid, and it reserves the right, after consultation with the Monitor to reject any or all Phase 2 Qualified Bids.

If one or more Phase 2 Qualified Bids are Received

35. If the Monitor determines, in its reasonable discretion, that one or more of the Phase 2 Qualified Bids are similar in terms of purchase price or investment to the benefit of the Dynamic Group and its stakeholders, the Monitor shall provide the parties making Phase 2 Qualified Bids the opportunity to make further bids through the auction process set out below (the "**Auction**").

Auction

36. In the event of an Auction, the Monitor shall conduct the Auction commencing at 10:00 a.m. on June 8, 2023 at the offices of the Monitor's legal counsel, Burnet, Duckworth & Palmer, 2400, 525-8th Ave S.W., Calgary, AB, or such other location as shall be timely communicated to all entities entitled to attend at the Auction, which Auction may be adjourned by the Monitor. 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 4:00 p.m. on June 5, 2023, the Monitor will provide unredacted copies of the Phase 2 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 Phase 2 Qualified Bidders that have made a Phase 2 Qualified Bid;
 - (b) prior to 4:00 p.m. on June 6, 2023, each Qualified Bidder that has made a Phase 2 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 June 7, 2023, 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, 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 Phase 2 Qualified Bidder elects not to attend and/or participate in the Auction, such Phase 2 Qualified Bidder's Qualified Bid, shall nevertheless remain fully enforceable against such Phase 2 Qualified Bidder if it is selected as the Winning Bid (as defined below);

- (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 identify 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, 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 \$250,000. 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 2 Business Days of the start of the Auction unless otherwise extended by the Monitor; and
 - (q) no bids (from Phase 2 Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
37. At the end of the Auction, the Monitor 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.

Transaction Approval Application Hearing

38. At the hearing of the application to approve any transaction with a Successful Bidder (the "**Transaction Approval Application**"), the Debtors 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 Debtors on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

39. All discussions regarding a Sale Proposal, Investment Proposal, LOI or Phase 2 Bid shall be directed through the Monitor. Under no circumstances should the management of the Debtors be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
40. 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 Debtors, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Debtors, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
41. 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 (subject to paragraph 40 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 Debtors and the Monitor.

Deposits

42. All Deposits shall be retained by the Monitor in a non-interest-bearing trust account located at financial institution in Canada. The Monitor may waive the requirement of a Deposit if it believes sufficient security or certainty has been provided by a Phase 2 Qualified Bidder, including by way of a credit bid.
43. If there is a Phase 2 Qualified Bid or a High Value LOI 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.
44. 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 (i) the date that the Debtors select a Successful Bid pursuant to section 33 hereof or (ii) the Court declares a Successful Bid pursuant to section 33 hereof.
45. If the Qualified Bidder making a Phase 2 Qualified Bid or High Value LOI 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 Monitor for and on behalf of the Debtors; 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 Debtors have in respect of such breach or default.
46. If the Debtors 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

47. The Monitor 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 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 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.
48. The Monitor, in consultation with the Debtors, 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/or
 - (b) waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Phase 2 Bid to be a Qualified Bid.
49. This SISP does not, and shall not be interpreted to, create any contractual or other legal relationship between the Debtors or the Monitor 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 Debtors.
50. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, the Debtors, or any other creditor or other stakeholder of the Debtors, 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 Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.

51. 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.
52. Subject to the terms of the SISP Order, the Monitor, in consultation with the Debtors, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) 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.
53. 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.

Further Orders

54. At any time during the SISP, the Monitor or the Debtors 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 Monitor:

FTI Consulting Canada Inc., the Monitor

Attention: Deryck Helkaa/Dustin Olver / Robert Kleebaum
Email: deryck.helkaa@fticonsulting.com/dustin.olver@fticonsulting.com/
robert.kleebaum@fticonsulting.com

With a copy to:

Burnett, Duckworth & Palmer LLP, legal counsel to the Monitor

Attention: David Legeyt/Ryan Algar
Email: dlegeyt@bdplaw.com/ralgar@bdplaw.com

To the Debtors:

Dynamic Technologies Group et al, the Debtors

Attention: Guy Nelson/Allan Francis
Email: gnelson@dynamictechgroup.com/afrancis@dynamictechgroup.com

MLT Aikins LLP, legal counsel to the Debtors

Attention: Ryan Zahara
Email: rzahara@mltaikins.com