

SALE AND INVESTMENT SOLICITATION PROCESS

October 2, 2017

Preamble

1. This Sale and Investment Solicitation Process (the “**SISP**”) will be implemented by 623735 Saskatchewan Ltd. and 1031084 Alberta Ltd. (collectively, the “**Company**”) under either the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) or some combination thereof. The Company has commenced proceedings under Division I of Part III of the BIA (the “**NOI Proceedings**”) and KPMG Inc. has been appointed as proposal trustee (in such capacity, the “**Proposal Trustee**”) in the NOI Proceedings. It is anticipated that, on or about October 31, 2017, the Company will, *inter alia*, apply to the Court of Queen’s Bench of Alberta (the “**Court**”) to convert the NOI Proceedings to proceedings under the CCAA (the “**CCAA Proceedings**”) and, when reference is being made to either the NOI Proceedings or CCAA Proceedings, as applicable, the “**Proceedings**”), to appoint KPMG Inc. as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”) and, when reference is being made to either the Proposal Trustee or the Monitor, as applicable, the “**Court Officer**”) and to approve this SISP (the “**Approval Order**”).
2. It is further anticipated that the Approval Order will also authorize the Company to enter into a fully binding and conditional purchase and sale agreement (the “**Sale Agreement**”) between the Company and a newly created corporation (the “**Stalking Horse Purchaser**”) pursuant to which the Stalking Horse Purchaser will make an offer to purchase certain assets of the Company (the “**Purchased Assets**”). The Stalking Horse Purchaser is related to the Company and, as a result thereof, the Court Officer will have express authority to make certain decisions and take certain actions under the SISP, as further specified herein.
3. The Approval Order, the procedures in respect of the SISP as contained herein (the “**SISP Procedures**”) and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of the shares in or assets of the Company, a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Company, or some combination thereof.

Sale Agreement

4. The Sale Agreement provides that the purchase price for the acquisition of the Purchased Assets (the “**Purchase Price**”) will be paid as follows:
 - (a) by the indefeasible payment, in full and in cash, of all obligations secured by any charges created by order of the Court in the Proceedings; and
 - (b) by the assumption of certain obligations that are owed by the Company and are secured against the Purchased Assets and other assets of the Company.
5. The Company currently estimates that the Purchase Price will be approximately \$5,250,000 (CDN). Persons who are interested in participating in this SISP are able and encouraged to contact either the Company or the Court Officer in advance of the bid

deadlines specified herein if they want further information in respect of the calculation of the Purchase Price.

6. The purpose of these SISP Procedures is to determine whether a higher and better offer than the Sale Agreement may be obtained by the Company in a formal marketing process supervised by the Court Officer, undertaken in the Proceedings and approved by the Court. For the purposes of these SISP Procedures, a “**Superior Offer**” shall mean:
 - (a) a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Sale Agreement; and
 - (b) an offer that provides for consideration that is in excess of the Purchase Price.

Conduct of SISP Procedures

7. The Court Officer shall conduct the SISP Procedures as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures or the responsibilities of any person hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions upon application of the Company, the Court Officer, the Stalking Horse Purchaser or any other interested person.

“As Is, Where Is”

8. Any transaction involving the Company, the shares of the Company or the assets of the Company, will be on an “**as is, where is**” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Court Officer, or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the person who is a counterparty to such a transaction.

Free of Any and All Claims and Interests

9. All of the right, title and interest of the Company in and to any assets sold or transferred within the Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of any security, charge or other restriction (collectively, the “**Claims and Interests**”) pursuant to approval and vesting orders made by the Court under the BIA or the CCAA, as applicable, except for any security, charge or other restriction expressly contemplated in the Sale Agreement or a Superior Offer, as the case may be.

SISP Commencement

10. The Court Officer commenced this SISP during the week of October 2, 2017 by preparing, in consultation with and based on information received from the Company, a list of potential bidders (the “**Known Potential Bidders**”). Such list included both strategic and financial parties who, in the reasonable business judgment of the Court

Officer and the Company, may be interested in and have the financial capacity to make a Superior Offer.

11. The Court Officer gave notice of these SISP Procedures to Known Potential Bidders (including the Participation Requirements as specified below) during the week of October 2, 2017. In addition, the Court Officer is intending to give notice regarding these SISP Procedures in the Globe and Mail (National Edition).

Participation Requirements

12. Unless otherwise ordered by the Court, any person (including any Known Potential Bidders) who wishes to participate in this SISP must deliver the following to the Court Officer:
 - (a) an executed form of confidentiality agreement that is satisfactory to the Company and the Court Officer, acting reasonably, and which shall enure to the benefit of any person who completes a transaction with the Company (the “**Confidentiality Agreement**”); and
 - (b) a specific indication of the anticipated sources of capital and / or credit for such person and satisfactory evidence of the availability of such capital and / or credit so as to demonstrate that such person has the financial capacity to complete a transaction pursuant to a Superior Offer.
13. If, in the opinion of the Court Officer, a person has complied with each of the requirements described in section 12 of these SISP Procedures, such person shall be deemed a “**Potential Bidder**” hereunder.
14. The Company will provide each Potential Bidder with access to an electronic data room containing due diligence materials and financial, tax and other information relating to the shares, the assets, the property and the business of the Company as soon as practicable after the determination that such person is a Potential Bidder.
15. The Court Officer is not responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder. The Court Officer and its advisors do not make any representations or warranties whatsoever as to the information or the materials provided.

Phase 1 Bid Deadline

16. A Potential Bidder will be deemed a “**Qualified Bidder**” if such Potential Bidder submits a non-binding letter of intent to the Company, with a copy to the Court Officer (a “**Qualified LOI**”) on or before 5:00 pm (Calgary Time time) on November 8, 2017, or such later date and time as may be determined by the Court Officer (the “**Phase 1 Bid Deadline**”). Subject to section 17 of these SISP Procedures, a non-binding indication of interest will only qualify as a Qualified LOI in the event that the Court Officer determines that it contains, meets or includes all of the following:
 - (a) it is received by the Company and the Court Officer on or before the Phase 1 Bid Deadline;

- (b) it includes a summary of:
 - i) the type and amount of consideration to be paid by the Qualified Bidder;
 - ii) the property to be included in the transaction;
 - iii) the structure and financing of the transaction (including, but not limited to, the sources of financing and evidence of the availability of such financing);
 - iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - v) any additional due diligence required or desired to be conducted prior to the Phase 2 Bid Deadline (as defined herein), if any;
 - vi) any conditions to closing that the Qualified Bidder may wish to impose; and;
 - vii) any other terms or conditions of the transaction which the Qualified Bidder believes are material to the transaction;
 - (c) it provides for the completion of the transactions contemplated therein on or before November 28, 2017, or such later date and time as may be determined by the Court Officer (the "**Completion Date**");
 - (d) it has a reasonable prospect of resulting in a Superior Offer; and
 - (e) such other information reasonably requested by the Court Officer.
17. The Court Officer, acting reasonably, may waive non-compliance with any one or more of the requirements specified in paragraph 16 of these SISP Procedures and deem any non-compliant letter of intent to be a Qualified LOI.
18. If a Qualified LOI is received, these SISP Procedures shall proceed to the next phase for the purpose of attempting to obtain a Superior Offer. If the Court Officer determines that there are no Qualified LOIs submitted:
- (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) business days of the termination of these SISP Procedures, file an application with the Court seeking approval, after notice and hearings, to implement the Sale Agreement.

Phase 2 Bid Deadline

19. In order to continue to participate in this SISP Process from and after the Phase 1 Bid Deadline, a Qualified Bidder who submitted a Qualified LOI must deliver a binding and definitive agreement to the Company, with a copy to the Court Officer (a "**Qualified Bid**") by no later than 5:00 p.m. (Calgary Time) on November 22, 2017, or such later date and time as may be determined by the Court Officer (the "**Phase 2 Bid Deadline**"). Subject

to section 20 of these SISP Procedures, a binding offer will only qualify as a Qualified Bid in the event that the Court Officer determines that it contains, meets or includes all of the following:

- (a) it is received by the Company and the Court Officer on or before the Phase 2 Bid Deadline;
- (b) it includes either:
 - i) a fully binding and definitive agreement, duly authorized and executed, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction (a "**Definitive Restructuring Agreement**"); or,
 - ii) a fully binding and definitive agreement, duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto (a "**Definitive Asset Sale Agreement**"); or
 - iii) some combination of a Definitive Restructuring Agreement and a Definitive Asset Sale Agreement, provided that such agreement is a fully binding definitive agreement that is duly authorized and executed (a "**Definitive Hybrid Agreement**");
- (c) it is irrevocable for a minimum of fifteen (15) business days following the Phase 2 Bid Deadline;
- (d) it provides for the completion of the transactions contemplated therein on or before the Completion Date;
- (e) it is not conditional on (i) the outcome of unperformed due diligence and/or (ii) obtaining any credit, capital or other form of financing;
- (f) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Proposal Trustee), payable to the Court Officer in trust, in an amount equal to ten percent (10%) of the cash consideration to be paid pursuant to the Qualified Bid, to be held and dealt with in accordance with these SISP Procedures;
- (g) it includes written evidence, in form and substance reasonably satisfactory to the Court Officer, of a firm and irrevocable commitment for all required funding and/or financing from a creditworthy person to consummate the proposed transaction;
- (h) it fully discloses the identity of each person that is bidding or otherwise that will be sponsoring or participating in the Qualified Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;

- (i) it includes written evidence, in form and substance reasonably satisfactory to the Court Officer, of compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
 - (j) it constitutes, in the reasonable business judgment of the Court Officer, a Superior Offer; and
 - (k) such other information reasonably requested by the Court Officer.
20. The Court Officer, acting reasonably, may waive non-compliance with any one or more of the requirements specified in section 19 of these SISP Procedures and deem any non-compliant Definitive Restructuring Agreement, Definitive Asset Sale Agreement or Definitive Hybrid Agreement, as the case may be, a Qualified Bid.
21. The Court Officer will assess any Definitive Restructuring Agreement, Definitive Asset Sale Agreement or Definitive Hybrid Agreement, as the case may be, that has qualified as a Qualified Bid and will determine whether any such Definitive Restructuring Agreement, Definitive Asset Sale Agreement or Definitive Hybrid Agreement constitutes a Superior Offer. Such assessment will be made as promptly as practicable.
22. In the event that the Court Officer determines that one or more Qualified Bids constitutes a Superior Offer, the Court Officer shall (to the extent that there is more than one Qualified Bid) select the highest or best Qualified Bid and apply to the Court to approve such Qualified Bid within three (3) business days of such determination. The Company shall thereafter complete the transactions contemplated by such selected Qualified Bid in accordance with the terms thereof and any order issued by the Court and, for greater certainty, the Court Officer may apply for enhanced powers or for any ancillary or related relief required to cause the Company to complete the transactions contemplated by the selected Qualified Bid.
23. If there are no Qualified Bids submitted or the Court Officer determines that no Qualified Bid constitutes a Superior Offer:
- (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) business days of such determination, file an application with the Court seeking approval by the Court, after notice and hearings, to implement the Sale Agreement.

Deposits

24. All Deposits shall be retained by the Court Officer and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Qualified Bid that constitutes a Superior Offer, the Deposit (plus accrued interest) paid by the person making such Qualified Bid shall be applied to the consideration to be paid by such person upon closing of the transaction constituting the Qualified Bid. For greater certainty, the Stalking Horse Purchaser is not required to pay a Deposit in relation to the Sale Agreement.

25. The Deposit(s) (plus applicable interest) of all persons not making the Qualified Bid that constitutes a Superior Offer shall be returned to such persons within five (5) business days of the earlier of the date that: (a) the Court approves a Qualified Bid as a Superior Offer; or (b) the Court approves the Sale Agreement.
26. If the person making a Qualified Bid selected as a Superior Offer breaches or defaults on its obligation to close the transaction in respect of Qualified Bid it shall forfeit its Deposit to the Court Officer for and on behalf of the Company; 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 Company has in respect of such breach or default.

Notice

27. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "A" hereto. A bid and all associated documentation shall be delivered to the Court Officer by electronic mail, personal delivery or courier. Persons requesting information about these SISP Procedures should contact the Court Officer at the contact information contained in Schedule "A".

No Amendment

28. There shall be no amendments to these SISP Procedures, including, for greater certainty the SISP Procedures set out herein, unless otherwise ordered by the Court upon application and appropriate notice.

Further Orders

29. At any time during these SISP Procedures, the Court Officer, the Company or the Stalking Horse Purchaser may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

Schedule "A"

Address for Notices and Deliveries

To the Company:

Spare Parts
213 Avenue C S,
Saskatoon, Saskatchewan, S7M 1N3

Attention: Nicole Anderson/Danny Mysak
Email: nicolea@sparepartslife.com/ dannym@sparepartslife.com

To the Court Officer:

KPMG Inc.
205 5 Avenue SW, Suite 3100
Calgary, Alberta, T2P 4B9

Attention: Ryan Adlington/Pinky Law
Email: radlington@kpmg.ca/plaw@kpmg.ca