

COURT / ESTATE FILE NUMBER 25 - 3038201

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF TOOL SHED BREWING COMPANY INC.

DOCUMENT **AFFIDAVIT NO. 2 OF JAMES COSTELLO**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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AFFIDAVIT NO. 2 OF JAMES COSTELLO

Sworn on FEBRUARY 5, 2024

I, JAMES COSTELLO, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Chief Executive Officer of Tool Shed Brewing Company Inc. (the "**Company**" or "**Tool Shed**"). As such, I have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, and where so stated I verily believe the same to be true.
2. I have been the interim Chief Executive Officer of Tool Shed since August 23, 2023, when I joined the Company to assist it in navigating its liquidity troubles. On January 1, 2024, I became an employee of Tool Shed and took on the formal role of Chief Executive Officer.
3. During my short time with Tool Shed, Tool Shed has aggressively adjusted its operations and has been exploring various scenarios, both internally and externally, with stakeholders in order to continue operating as a successful going concern business.

4. Despite the Company's efforts to find solutions, the liquidity troubles faced by Tool Shed necessitated the Company filing a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") on January 31, 2024.
5. Attached as **Exhibit "A"** is a true copy of the Certificate of Filing of a Notice of Intention to Make a Proposal.
6. KPMG Inc. (the "**Proposal Trustee**") has consented to act as the proposal trustee in these proceedings (the "**NOI Proceedings**").
7. This Affidavit is sworn in support of an application (the "**Application**") before the Court returnable February 12, 2024, seeking the following relief:
 - (a) abridging the time for service of the Application and the supporting materials, as necessary, and deeming service thereof to be good and sufficient;
 - (b) pursuant to the BIA, extending the time by which Tool Shed may file a proposal to its creditors for a 45-day period from the date following the current deadline of March 1, 2024, up to and including 11:59 p.m. (local Calgary time) on April 15, 2024, or such other date as this Honourable Court may order;
 - (c) granting an Administration Charge (as defined below) over the assets and property of Tool Shed, in the amount of \$250,000, as security for the payment of professional fees and disbursements incurred and to be incurred by counsel for the Company, the Proposal Trustee, and counsel to the Proposal Trustee;
 - (d) authorizing the Company to borrow under a credit facility from 2582568 Alberta Inc. (the "**Interim Lender**") on the terms and subject to the conditions set forth in the interim financing term sheet between the Company and the Interim Lender (the "**Interim Loan Agreement**");
 - (e) granting an Interim Lender's Charge (as defined below) over the assets and property of Tool Shed, in the amount of \$300,000, in favour of the Interim Lender as security for the amounts advanced pursuant to the Interim Loan Agreement, plus interest, costs, and fees;

- (f) approving the proposed sale and investment solicitation process (the “**SISP**”) and authorizing and directing the Proposal Trustee, in consultation with the Company, to implement and carryout the SISP;
 - (g) approving the share purchase agreement (the “**Stalking Horse Agreement**”) between the Company and 2582568 Alberta Inc. (the “**Stalking Horse Bidder**”) as a stalking horse bid (the “**Stalking Horse Bid**”) in connection with the SISP and approving the Break Fee as defined in the Stalking Horse Agreement; and
 - (h) granting such further and other relief as counsel may request and this Honourable Court may deem appropriate.
8. Tool Shed has been diligently working with the Proposal Trustee to finalize a cash flow forecast for the period commencing January 28, 2024 through to April 15, 2024. The finalization of the cash flow forecast is largely dependent on the relief being sought by Tool Shed at an emergency application being heard February 5, 2024, before the Honourable Justice B. Johnston (as outlined further below). Once the emergency application is resolved, the cash flow forecast will be finalized, and I understand will be appended in a report to be filed with the Court by the Proposal Trustee.
9. As outlined in detail below, the objective of these NOI Proceedings is to market Tool Shed through a sales and investment solicitation process in order to quickly and efficiently canvass the market for potential purchasers or equity investors in the business of Tool Shed.

I. BACKGROUND

10. As the acting CEO of Tool Shed, I am familiar with its business operations and have been involved in key discussions with stakeholders since August 2023.
11. Tool Shed is an Alberta corporation with its registered office in Calgary, Alberta. Attached as **Exhibit “B”** is an Alberta corporate search of Tool Shed dated January 30, 2024.
12. Tool Shed does not have any subsidiaries or related entities.
13. Tool Shed has been brewing craft beer for the last 11 years and specializes in alcoholic and non-alcoholic beverages.

14. The Company operates out of its leased commercial premises located at 801 30 St NE #9, Calgary, AB TWA 5L7 in the Franklin Industrial area of Calgary (the “**Premises**” or the “**Taphouse**”). Tool Shed leases the Premises from York Realty Inc. (the “**Landlord**”). The Premises consist of 14,359 square feet, and the lease term expires December 31, 2027.
15. Tool Shed has been recognized for a number of awards in recent years, including accolades from the Alberta Beer Awards, the Canadian International Beer Awards, and the Jasper Beer & Barley Summit. Tool Shed has also been positively recognized for its food offerings.
16. Attached as **Exhibit “C”** is a printout from Tool Shed’s website outlining some of the awards that Tool Shed has received
17. Attached as **Exhibit “D”** is a printout from Tool Shed’s website listing recent headlines relating to Tool Shed.
18. Tool Shed’s products are located in approximately 750 retailers and offered by 190 off-premise customers, such as restaurants, bars, pubs, and other establishments that serve alcoholic beverages. Tool Shed’s products have been carried in retail stores such as Ace Liquor, Liquor Depot, Wine & Beyond, Sobeys, and Calgary Co-ops.
19. In addition to servicing the Alberta market, Tool Shed also supplies its product to BC Liquor Stores, an entity controlled by the Liquor and Distribution Branch of the province of British Columbia.
20. Further, the Company distributes its beverages in the provinces of Saskatchewan and Manitoba.

Directors and Officers

21. The sole director of Tool Shed is Graham Sherman of Calgary, Alberta. Mr. Sherman is the founder of the Company.
22. Tom Taylor was previously the sole director until he resigned, effective January 10, 2024. Until January 1, 2024, Mr. Taylor was also the Chief Financial Officer of Tool Shed.
23. The current officers of the Company are as follows:

- (a) James Costello – Chief Executive Officer; and
- (b) Graham Sherman – President.

Employees of Tool Shed

- 24. There are approximately 20 full-time and part-time staff of the Company. There are no unionized employees of Tool Shed.
- 25. As of January 1, 2024, Mr. Sherman became an employee. Mr. Sherman has not received a salary since he became an employee on January 1, 2024. The amounts owing to Mr. Sherman as of February 1, 2024 on account of employment liabilities is \$9,583.00. Furthermore, unpaid remuneration owing to Mr. Sherman for his work as President in 2023 amounts to \$150,000.
- 26. As of January 1, 2024, I also became an employee of Tool Shed. Due to the financial difficulties faced by the Company, I have not received any remuneration since I joined as interim CEO in August of 2023.
- 27. Unpaid remuneration owing to myself during my time as interim CEO amounts to \$181,400 as of December 31, 2024. In addition, I have not been paid in January for my employment in the amount of \$17,917 as well as an additional \$17,500 owed for employment related expenses that I incurred.

Licences and Permits

- 28. Tool Shed holds certain licenses and permits which allows it to brew and/or distribute alcoholic beverages in the provinces of Alberta, British Columbia, Saskatchewan, and Manitoba (the “**Licenses and Permits**”). The Licenses and Permits include:
 - (a) Class A Alberta Gaming, Liquor and Cannabis Commission (“**AGLC**”) license issued for the sale and consumption of liquor in premises open to the public, and which provide food service;
 - (b) Class E AGLC licence issued for the manufacture of liquor in breweries, wineries, distilleries, and cideries;
 - (c) Class D AGLC licence for the sale of liquor for off premises consumptions;
 - (d) Class F AGLC license to ferment on premises for the manufacture of beer, wine, and ciders in approved facilities;

- (e) British Columbia Sales license for the sale of Tool Shed's products in the Province of British Columbia;
 - (f) Saskatchewan Sales licence for the sale of Tool Shed's products in the Province of Saskatchewan;
 - (g) Manitoba Sales License for the sale of Tool Shed's products in the Province of Manitoba; and
 - (h) Tool Shed also has the necessary permit to operate a restaurant in the City of Calgary.
29. Depending on the province, the sales licences obtained by Tool Shed in British Columbia, Saskatchewan, and Manitoba took anywhere from six to twelve months to obtain.
30. The Licenses and Permits are not assignable.
31. Without the requisite Licenses and Permits, Tool Shed's business is no longer viable as it will be unable to operate. The Licenses and Permits are a critical component to the continued operation of Tool Shed's business. Absent the Licenses and Permits, Tool Shed is unable to manufacture, market, and sell its alcoholic beverages to the public.

II. FINANCIAL TROUBLES FACED BY TOOL SHED

32. Tool Shed is a seasonal business, as revenues peak in the late spring through summer, and begin to decline during the winter. Due to its seasonality, cash flow management is an important component of the business.
33. Tool Shed's operating funds are mainly derived from wholesale revenue in the Western Canadian provinces, as well as sales made direct to consumer at the Taphouse. As described below, Tool Shed's revenues are insufficient to maintain operations in light of its significant current and ongoing debt obligations.
34. Since 2020, Tool Shed has faced an extraordinary strain on its financial resources, including the negative effects on the brewing industry brought on by the Covid-19 pandemic.
35. To exacerbate the effects of the Covid-19 pandemic on the Company, Tool Shed's credit facility matured with ATB Financial during the pandemic, and the Company was unable

to re-finance its indebtedness through ATB Financial. As at February 28, 2021, the amount owing to ATB was approximately \$379,000.00, which amounts the Company paid through March to June 2021 with funds from various lenders and investors (the “**ATB Debt**”).

36. In and around the time the ATB Debt matured, Tool Shed canvassed alternative financing with Canadian Western Bank to payout the ATB Debt. Discussions with Canadian Western Bank and other alternative refinancing partners were ultimately unsuccessful, and Tool Shed was unable to secure bank refinancing.
37. As a result, Tool Shed had to rely on cash injections and support from certain individual investors or their related corporate entities to ensure that the Company was able to continue operating. From time to time, Tool Shed has worked with individual investors (and their associated companies) in order to raise the capital needed to sustain Tool Shed’s operations, and to allow it to grow its brand and product offerings (the “**Individual Investors**”).
38. As of the time of swearing of this Affidavit, Tool Shed has been unsuccessful in securing an operating line of credit or any other method of alternative financing. Tool Shed does not have the necessary funds available to repay the Individual Investors in light of its substantial debt load.

Judgments Obtained Against Tool Shed and Garnishment by Creditors

39. An Alberta Personal Property Registry (“**PPR**”) search of Tool Shed dated February 4, 2024 is attached as **Exhibit “E”**.
40. As evidenced by the PPR search, the following judgments have been registered against Tool Shed:
 - (a) on September 26, 2022, AGI Solutions obtained judgment against Tool Shed in the amount of \$26,097.84, plus costs in the amount of \$273.13;
 - (b) on December 1, 2022, 2363082 Alberta Ltd. (“**236 AB Ltd.**”) obtained default judgment against Tool Shed in the amount of \$154,130.79; and

- (c) on November 16, 2022, 2086017 Alberta Ltd. obtained default judgment against Tool Shed in the amount of \$196,564.81, plus costs in the amount of \$5,846.82

(the “**Judgments**”).

41. I have reviewed the records in the possession of Tool Shed, as well as an Affidavit sworn by Tom Taylor on March 23, 2023, which was sworn in Court of King’s Bench of Alberta Action No. 2201 13004 (the “**Taylor Affidavit**”). Upon review of these documents, I am informed and do believe that:

- (a) In execution of the judgment obtained by 236 AB Ltd., 236 AB Ltd. garnished Tool Shed’s bank account (the “**236 Garnishment**”) resulting in \$266,890.89 being paid to the Clerk of the Court, and an additional \$27,726.46 being held by ATB in response to the 236 Garnishment.
- (b) At the time of the 236 Garnishment, this resulted in Tool Shed not having the necessary funds to meet payroll obligations or pay its critical suppliers.
- (c) After distribution notices were issued by the Clerk of the Court relating to the 236 Garnishment, on February 22, 2023, certain secured lenders filed an application objecting to any amounts being distributed to unsecured creditors, as these secured lenders claimed priority to the funds captured by the 236 Garnishment.
- (d) On March 23, 2023, Tool Shed obtained an Order (the “**March 23 Order**”) directing, among other things, that the Clerk of the Court distribute the majority of the funds captured by the 236 Garnishment to Tool Shed for use in its ordinary course business operations, which uses may be reviewed by the Garnishee Claimants (as defined in the Order) upon reasonable notice being given to the Company. The March 23 Order further directed that certain of the garnished funds were to be paid to each of Julianna Bourne and John Donovan, Wayne Orr, and 236 AB Ltd. in partial satisfaction of their legal fees.

42. Attached as **Exhibit “F”** is a true copy of the March 23 Order.

43. I am advised by Graham Sherman, and do believe, that on or around November 10, 2023, Mr. Sherman personally paid \$169,820.56 in satisfaction of the judgment held by 236 AB Ltd. I am further advised that Mr. Sherman repaid the amounts owing to 236 AB Ltd. as he was a personal guarantor. However, through an agreement between Tool

Shed and Mr. Sherman, the amounts owing to 236 AB Ltd. remained a liability of Tool Shed, which is now owing to Mr. Sherman instead of to 236 AB Ltd.

44. Attached as **Exhibit "G"** is a copy of correspondence provided to me by Mr. Sherman which evidences payout of the amounts owing by Tool Shed to 236 AB Ltd., along with a copy of the cheque provided to Gowling WLG (Canada) LLP, legal counsel for 236 AB Ltd.
45. On January 25, 2023, Tool Shed received correspondence from Talina Handel of West Legal Barristers & Solicitors, legal counsel for 2086017 Alberta Ltd., serving Tool Shed with a Financial Statement of Corporate Debtor (form 14), pursuant to section 35.10 of the Alberta *Civil Enforcement Regulation*, Alta Reg 296/1995. The January 25, 2023 letter required Tool Shed to complete the Financial Statement of Corporate Debtor (form 14) within 15 days of it being served.
46. Attached as **Exhibit "H"** is a true copy of the January 25, 2023 correspondence from legal counsel for 2086017 Alberta Ltd., which correspondence includes the default judgment obtained by 2086017 Alberta Ltd. as well as the corresponding writ of enforcement.

Assets

47. The most recent internally prepared balance sheet of Tool Shed is dated as of November 30, 2023, and is attached as **Exhibit "I"** (the "**November 2023 Balance Sheet**").
48. As at November 30 2023, Tool Shed had an estimated \$1,200,740.53 in assets outlined as follows:

	Total
Assets	
Current Assets	
Total Cash and Cash Equivalent	\$ 32,877.34
Accounts Receivable (A/R)	
11000 Accounts Receivable	60,830.67
Total Accounts Receivable (A/R)	\$ 60,830.67
10660 AGLC Clearing Account	
13000 Inventory Asset	51,725.34
CURRENT ASSETS	46,540.82
EKOS INVENTORY	126,868.76
Total Current Assets	\$ 318,842.93
Non-current Assets	
Property, plant and equipment	
15000 Fixed Assets	1,813,217.80
16100 BBQ Trailer Asset	34,590.06
17000 Accumulated Depreciation	-966,724.03
18000 Acc Dep'n - BBQ Trailer	-9,000.00
18001 Acc Dep'n - 2nd Food Truck	-12,000.00
18100 Acc Dep'n - BBQ Kitchen Equip.	-1,122.73
BBQ Kitchen Equipment	22,936.50
Total Property, plant and equipment	\$ 881,897.60
Total Non Current Assets	\$ 881,897.60
Total Assets	\$ 1,200,740.53

Liabilities

49. As reflected at the time of the November 2023 Balance Sheet, Tool Shed had estimated liabilities of \$5,011,947.67 outlined as follows:

Liabilities and Equity	
Liabilities	
Current Liabilities	
Total Accounts Payable (A/P)	\$ 992,379.96
25550 Accrued Liabilities	-0.13
25701 Excise Duty Payable (Prior Months)	3,031.62
CRA LIABILITIES	557,740.06
CURRENT LIABILITIES	-33,555.42
EMPLOYEE LIABILITIES	25,773.46
Payroll Liabilities	343.92
Total Current Liabilities	\$ 1,545,713.47
Non-current Liabilities	
LONG-TERM LIABILITIES	3,466,234.20
Total Non-current Liabilities	\$ 3,466,234.20
Total Liabilities	\$ 5,011,947.67
Equity	
CAPITAL STOCK	960,100.00
Retained Earnings	-4,720,754.23
Profit for the year	-50,552.91
Total Equity	-\$ 3,811,207.14
Total Liabilities and Equity	\$ 1,200,740.53
	0.00

Amounts Due and Owing to the CRA on Account of Source Deductions

50. Tool Shed has a significant amount of unremitted source deductions owing to the Canada Revenue Agency (the “**CRA**”). The amounts owing to the CRA on account of source deductions date back to January 2020.
51. In July of 2023, Tool Shed and the CRA entered into an informal arrangement to begin paying down the substantial arrears owing to the CRA, as well as a plan for making ongoing payments for future source deductions.
52. Due to the financial constraints on Tool Shed, payments of source deduction arrears stopped in November 2023. Prior to this time, payments made toward arrears totaled \$66,400. Tool Shed maintained payments for ongoing source deductions from July 2023 until December 2023. Tool Shed did not make payments for source deductions in January 2024.
53. On January 9, 2024, the CRA issued a notice (the “**CRA Notice**”) to Tool Shed advising that a writ was obtained in the Federal Court on December 8, 2023, in the amount of \$564,237.84.
54. The CRA Notice advised that as of January 9, 2024, \$571,091.70 (the “**CRA Debt**”) was due and owing. The CRA Notice provides that if the amounts owing to the CRA are not paid at once, the CRA may register a lien against Tool Shed’s real or personal property, or take enforcement efforts to sell Tool Shed’s assets.
55. Attached as **Exhibit “J”** is a copy of the CRA Notice.
56. On Monday January 29, 2024, the AGLC advised Tool Shed that it received a Requirement to Pay notice issued by the CRA (the “**Requirement to Pay**”). The effect of the Requirement to Pay halted all incoming revenue to Tool Shed. Without the release of the Tool Shed funds held by the AGLC, Tool Shed does have the necessary funds to cover payroll on February 7, 2024 and operating expenses.
57. This is because Tool Shed’s operating funds are mainly derived from wholesale revenue of its products in Alberta. In this respect, Tool Shed is not directly compensated when it sells its liquor products to retailers, restaurants, and other institutional customers.

58. Tool Shed sells its product to AGLC, who then sells Tool Shed product to customers. The AGLC then remits that sales income to Tool Shed. As a result, Tool Shed's main revenue stream comes from the AGLC.
59. Attached as **Exhibit "K"** is a copy of the e-mail correspondence between Tool Shed and AGLC relating to the Requirement to Pay.
60. As a result of the Requirement to Pay, to date the AGLC has withheld funds in the approximate amount of \$85,000 from the Company. These funds are crucial to the ongoing operations of the business, including it making payroll, as well as payments to critical suppliers, the landlord, and other operational expenses.
61. In light of the Requirement to Pay, Tool Shed filed for these NOI Proceedings and is bringing an emergency application, returnable on February 5, 2024, seeking the release of funds held by the AGLC on account of the Requirement to Pay. At the time of swearing my Affidavit, the result of Tool Shed's emergency application is unknown. If Tool Shed is not successful in its emergency application, then it will be deprived of the majority of its revenue and will be unable to operate.
62. I have been advised by the Company's legal counsel that the CRA has a priority charge over the assets of Tool Shed relating to amounts owing for source deductions. Tool Shed does not have the necessary liquidity to re-pay the CRA Debt without undertaking these NOI Proceedings and carrying out the SISF.

Secured Creditors

63. Tool Shed has four secured creditors as reflected by the PPR search attached as **Exhibit "E"**. A summary of the secured creditor registrations is set out in the table below.

SECURED PARTY NAME	DEBTOR NAME	REGISTRATION DATE	REGISTRATION NUMBER	COLLATERAL
Wayne Orr	Tool Shed Brewing Company Inc.	September 4, 2015	15090422608	All present and after acquired personal property
Julianna Meyers Bourne John Denis Donovan	Tool Shed Brewing Company Inc.	July 28, 2022	22072829320	All present and after acquired personal property

SECURED PARTY NAME	DEBTOR NAME	REGISTRATION DATE	REGISTRATION NUMBER	COLLATERAL
Tom E Taylor	Tool Shed Brewing Company Inc.	December 5, 2022	22120513726	All present and after acquired personal property
Stampede Leasing	Tool Shed Brewing Company Inc. Graham Mitchell Sherman	March 17, 2023	23031723243	2023 Toyota Tundra S/N 5TFJC5DB9PX019412

64. According to the books and records maintained by the Company, the amount owing to Wayne Orr by Tool Shed is \$219,698.22.
65. On March 8, 2023, Wayne Orr, through his legal counsel, issued a demand for payment in the amount of \$430,911.54 and a notice of intention to enforce security. Attached as **Exhibit "L"** are copies of the demand and notice of intention to enforce security under section 244 of the BIA issued by the Wayne Orr.
66. According to the books and records maintained by the Company, the amount owing to Julianna Bourne and John Donovan is \$242,000.00.
67. On February 17, 2023, Julianna Bourne and John Donovan, through their legal counsel, issued a demand for payment in the amount of \$244,682.00 and a notice of intention to enforce security. Attached as **Exhibit "M"** are copies of the demand and notice of intention to enforce security under section 244 of the BIA issued by Julianna Bourne and John Donovan.
68. Tool Shed does not have copies of any security documents relating to the security interest Tom Taylor is claiming aside from an unsigned Convertible Promissory Note and a financing change statement registered at the Alberta PPR. The books and records of Tool Shed indicate that \$251,640.13 is owing to Tom Taylor.
69. Tool Shed has returned the leased asset to Stampede Leasing. As a result, I understand that the indebtedness owing to Stampede Leasing has been extinguished.
70. Attached hereto as **Exhibit "N"** is a copy of an e-mail from a representative of Stampede Toyota Calgary confirming the voluntary return of the vehicle subject to Stampede Leasing's security interest.

Unsecured Creditors

71. According to the books and records of Tool Shed, it has approximately \$2,750,819.94 owing to unsecured creditors (lenders), exclusive of accounts payable liabilities. The particulars of these liabilities is set out in the chart below.

PARTY	AMOUNT OWED
BDC Loan 079835-05	\$61,965.00
CEBA Loan	\$40,000
Dr. Jirka Slaby	\$207,071.64
James Costello	\$385,528.00
David Waldron	\$45,000.00
Graham Sherman purchased Pioneer Entertainment	\$169,820.56
Gord Appel	\$35,000.00
Blaine Penny	\$59,560.79
Jesse Modzelewski	\$75,000.00
Graham Sherman purchased Joe Jacobs	\$116,602.73
Kevin Kent	\$50,000.00
Nathan Hudye	\$50,000.00
Graham Sherman purchased DJ Fourchalk	\$100,000.00
DJ Fourchalk	\$262,190.30
Dave Dupuis	\$100,000.00
Chris Cheng	\$30,000.00
Mark Ryan	\$50,000.00
Darryl Bourne	\$50,000.00

PARTY	AMOUNT OWED
John Donovan	\$99,875.14
Alex Putici	\$56,000.00
Adil Hooda	\$20,000.00
Graham Sherman purchased Wayne Leung	\$55,809.51
Shashi Behl	\$102,383.00
Neil Lyons & Joe Jacobs	\$503,013.27
Jason Carl	\$6,000.00

72. Many of the above noted unsecured creditors are actually in the names of corporate entities; however, the books and records of Tool Shed only reflect the individual that Tool Shed dealt with.
73. Attached as **Exhibit “O”** is a listing maintained by Tool Shed with respect to Tool Shed’s secured and unsecured lenders.

Landlord Liability

74. As of the time of swearing this Affidavit, Tool Shed has arrears due and owing to its landlord in the amount of \$14,057.82.
75. Attached as **Exhibit “P”** is a true copy of the original lease for the Premises dated September 21, 2017, and the second lease amendment. Tool Shed does not have signed copies of these documents in its possession but has requested the executed copies from the landlord of the Premises.

Trade Creditor Liability

76. As at January 25, 2024, Tool Shed’s records reflect balances owing to its trade creditors in the approximate amount of \$1,097,853.94, with such adjustments as may be necessary through reconciliation with the payees.

Payroll Obligations

77. Tool Shed is current with payroll obligations to its employees, exclusive of the amounts owing to Graham Sherman and I.

III. PRE-FILING SALES PROCESS

The Initial SISP

78. As part of the terms for the creditors to consent to the March 23 Order, Tool Shed was required to carry out an out-of-court sale and investment solicitation process (the “**Initial SISP**”). The purpose of the Initial SISP was to find a purchaser, equity partner, or a refinancing, that would allow it to payout certain short-term debts and afford it the financial stability to continue to grow its brand and operations. The Initial SISP was commenced by Tool Shed in April of 2023.
79. To assist it with carrying out the SISP, the Company retained B. Riley Farber Inc., a recognized business advisory group. During the Initial SISP, B. Riley Farber assisted with acting as a financial advisor to Tool Shed and provided direction and input as to the administration of the process.
80. The Company canvassed the opportunity to a number of strategic potential investors, as well as to its current investors and creditors.
81. During the Initial SISP period, Tool Shed advertised in “Insolvency Insider”. I have been advised by Tool Shed’s legal counsel and do believe that Insolvency Insider is a well-known and respected publication among insolvency professionals with access to a large range of parties who may have an interest in distressed investment, lending or sales transactions.
82. From May 2023 to July 4, 2023, Insolvency Insider advertised the opportunity. Attached as **Exhibit “Q”** is a copy of the advertisement placed in Insolvency Insider, as well as the request for interest which accompanied the link referenced in the advertisement.
83. In addition to the advertisement in Insolvency Insider, Tool Shed sent out an “opportunity teaser” to a list of potentially interested parties. Attached hereto and marked as **Exhibit “R”** is a copy of the opportunity teaser.
84. Interested parties in the Initial SISP were required to execute a non-disclosure agreement. Parties that executed a non-disclosure agreement were given a confidential

information memorandum and provided access to a data room with certain pertinent information for the interested parties to consider.

85. Tool Shed received six expressions of interest during the Initial SISP.
86. An entity that I am personally involved in, Four Horsemen Ventures Inc. ("**Four Horsemen**"), was the only entity to submit an actual bid. The final bid submitted by Four Horsemen was a non-binding letter of intent dated July 26, 2023 (the "**July 26 Four Horsemen LOI**").
87. Attached hereto and marked as **Exhibit "S"** is a copy of the July 26, 2023 Four Horsemen LOI.
88. It was a term of the July 26 Four Horsemen LOI, among others, that:
 - (a) Four Horsemen would purchase a 90% equity interest in the Company, with all shareholders of the Company holding Class "A" common voting shares exchanging such voting shares for Class "B" non-voting shares on a 1:1 basis.
 - (b) In exchange for full and final release of all debts owed to unsecured lenders (excluding accounts payable), all unsecured debt would be converted through the issuance of non-voting shares in the Company in accordance with the terms of the July 26 Four Horsemen LOI. The July 26 Four Horsemen LOI estimated that based on current values, unsecured creditors (lenders) would hold approximately 7% of the total shares of Tool Shed and the current shareholders of the Company (being both the current voting and non-voting shareholders) would have their interest diluted to 3%;
 - (c) The purchase price would be \$879,382.25, to be used as follows:
 - (i) Approximately \$600,000 would be used to pay all amounts owed by the Company to the Canada Revenue Agency; and
 - (ii) The remaining amount would be used to settle all debts owed by the Company to its secured creditors, which payments to secured creditors were anticipated to be \$0.40 for each \$1.00 of secured debt owed.
 - (d) It was a condition that the Company obtain approval of the secured creditors with respect to the proposed settlement amounts owing to them.

- (e) The July 26 Four Horsemen LOI remained open for acceptance by the Company until July 28, 2023.
89. The July 26 Four Horsemen LOI was presented to the secured creditors of Tool Shed for their consideration and comment. I understand that ultimately the secured creditors of Tool Shed did not support the Four Horsemen bid.
90. Attached as **Exhibit “T”** is a copy of e-mail correspondence between James Reid of Miller Thomson LLP, legal counsel for Tool Shed, and legal counsel for Wayne Orr, Afshan Naveed of Dentons LLP, with respect to the Four Horsemen LOI.
91. Attached as **Exhibit “U”** is a true copy of e-mail correspondence from James Reid of Miller Thomson LLP, legal counsel for Tool Shed, to legal counsel for Julianna Bourne and John Donovan, Alexis Teasdale and Daniel Jonasson of Lawson Lundell LLP, with respect to the Four Horsemen LOI.
92. Tool Shed continued the Initial SISP up until September of 2023; however, no bid was received that was satisfactory to Tool Shed’s secured creditors or that could be completed by Tool Shed.

The Conversion Attempts

93. Upon joining Tool Shed as interim CEO, I worked diligently for six-months with the Company’s secured creditors, unsecured creditors, and debenture holders to try to reach an agreement, which would see Tool Shed’s debt voluntarily converted by its creditors to equity. I estimate that I participated in approximately 50 meetings with various stakeholders on behalf of Tool Shed in order to find a solution for Tool Shed’s liquidity crisis.
94. During this time, Tool Shed adjusted its operations, which increased profitability and sales, as well as stabilized cash flow and increased inventory.
95. However, after numerous failed attempts at coming to a resolution with creditors, and recognizing its continued financial constraints of the Company going into its slow revenue months between January and April, on December 22, 2023, Tool Shed circulated a debt settlement proposal to its creditors. This offer proposed the conversion of Tool Shed’s unsecured loan debt to equity holdings in the Company (the “**Debt Settlement Agreement**”).

96. The Debt Settlement Agreement would have seen the forgiveness of at least 90% of the total unsecured lender debt, with 15% of the amounts owing to unsecured lenders being repaid in the form of Class A common shares in the share capital of the Company at a deemed price per share of \$54.59. Numerous discussions also took place with Tool Shed's secured creditors relating to a potential debt to equity conversion.
97. Despite these attempts to have Tool Shed's unsecured lender debt converted to equity, the necessary thresholds of support required to make the Debt Settlement Agreement successful were not met, and the proposal failed.
98. Attached hereto as **Exhibit "V"** is a copy of the December 22, 2023 correspondence sent to the unsecured lenders of Tool Shed, providing the framework for the Debt Settlement Agreement, as well as the form of Debt Settlement Agreement.
99. In the December 22, 2023 correspondence to the creditors of Tool Shed, I advised that if the conversion under the Debt Settlement Agreement was not accepted, the Company would have no choice but to file an insolvency proceeding.
100. On January 8, 2024, I sent an e-mail to Tool Shed's investors and lenders outlining the extensive efforts that had taken place since January of 2023 through to January 2024 to restructure Tool Shed's affairs. Attached as **Exhibit "W"** is a copy of the January 8, 2024 correspondence sent to Tool Shed's investors and lenders.

IV. INTERIM LENDER AND INTERIM LOAN AGREEMENT

101. For the reasons stated previously, Tool Shed is unable to rely solely on its revenues to fund these NOI Proceedings and its ongoing operational expenses. While Tool Shed continues to work with the Proposal Trustee to finalize its cash flow forecast through April 15, 2024, the dire financial circumstances faced by the Company necessitates the need for immediate interim financing.
102. Accordingly, the Company has negotiated an Interim Loan Agreement, pursuant to which the Interim Lender has agreed to provide the Company with a term loan in the amount of \$250,000 ("**Interim Loan Facility**"). Attached hereto and marked as **Exhibit "X"** is a substantially complete but unexecuted draft of the proposed Interim Loan Agreement. A fully executed copy of the Interim Loan Agreement will be appended to a supplemental affidavit and served upon the service list in the within Action prior to the Application.

103. The Interim Lender, 2582568 Alberta Inc. is an entity in which I control.
104. The key terms of the Interim Loan Facility are as follows:
- (a) It is conditional upon approval by this Court and upon the Interim Lender receiving a second priority Court-ordered charge on the assets, property, and undertakings of the Company, in priority to any and all Encumbrances, subordinate only to the Administration Charge, up to the maximum amount of \$300,000.
 - (b) Advances under the Interim Loan Facility are to bear interest at 12% per annum; and
 - (c) Aside from payment of the Interim Lender's legal fees arising in connection with the Interim Loan Facility, there are no other fees payable pursuant to the Interim Loan Facility.
105. Tool Shed's previous refinancing efforts were unsuccessful. Without the Interim Loan Facility, Tool Shed will not have the necessary capital to operate and administer the SISP for the benefit of all stakeholders.
106. I understand that the quantum of the Interim Loan Facility sought will be outlined further in the First Report of the Proposal Trustee.

V. PROPOSED SALES AND INVESTMENT SOLICITATION PROCESS

Framework for SISP

107. Due to the financial difficulties faced by the Company, I am of the view that the only way to save Tool Shed as an operating business in order to maximize value for stakeholders, is market the sale of the business through a Court supervised process. Accordingly, Tool Shed is seeking the approval of the SISP.
108. The intention of the SISP is to solicit interest in, and opportunities for, the sale of, or investment in, the business and the property of Tool Shed (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 Company as a going concern, or a sale of all, substantially all, or one or more components of the Property and Business (each as defined in the SISP) as a going concern or otherwise.

109. The proposed form of SISP is attached as **Exhibit “Y”**.
110. The Proposal Trustee, with the consultation of the Company, will conduct the SISP. Interested and qualified parties, as determined in accordance with the SISP, will submit their bids to the Company and the Proposal Trustee for evaluation of the qualified bids.
111. The SISP affords flexibility to Tool Shed and the Proposal Trustee to select not only the bid that provides the most consideration, but also to consider other factors, such as levels of conditionality and overall impact on stakeholders.
112. The key milestones in the SISP are as follows:

MILESTONE	DEADLINE
Commencement of the SISP	February 12, 2024
Bid Deadline (12:00 p.m. MDT)	March 11, 2024
Notice of Auction (if any)	March 13, 2024
Auction (if any)	March 19, 2024
Approval Application	April 15, 2024
Closing Date	April 26, 2024

113. I understand that in order to complete the SISP with the goal of working toward the formulation and filing of a proposal, the Company requires an extension of the time period within which it may file a proposal to its creditors. In this regard:
- (a) the Company has acted and is acting in good faith and with due diligence both in the period prior to and since filing of the NOI; and
 - (b) an extension will allow the Company to complete the SISP, which will enhance the Company’s ability to make a viable proposal.

Stalking Horse Bid

114. Tool Shed and the Stalking Horse Bidder will execute a Stalking Horse Agreement to be a benchmark offer under the SISP.
115. A substantially complete but unexecuted draft of the proposed Stalking Horse Agreement is attached as **Exhibit “Z”**. A fully executed copy of the Stalking Horse Agreement will be appended to a supplemental affidavit and served upon the service list in the within Action prior to the Application.

116. All undefined and capitalized terms in this section have the meaning given in the Stalking Horse Agreement.
117. The Stalking Horse Bidder is an entity in which I personally control.
118. Due to the businesses necessity for the Licenses and Permits, the Stalking Horse Agreement is structured as a reverse-vesting share purchase transaction. If a bankruptcy process or other liquidation took place, the Licenses and Permits would be lost as they are non-assignable.
119. The Stalking Horse Agreement contemplates that (i) Tool Shed will reorganize its share capital, and (ii) the Stalking Horse Bidder shall purchase and Tool Shed shall sell the resulting issued and outstanding shares of Tool Shed.
120. The purchase price payable pursuant to the Stalking Horse Agreement is approximately \$1,215,000 and is to be paid by the Stalking Horse Bidder as follows:
 - (a) Cash payment of the amount required to bring the lease for the Premises into good standing, being \$14,057.82, immediately payable upon Closing;
 - (b) An amount equal to the value of the Assumed Liabilities, as set out in the Stalking Horse Agreement, which the Company shall retain on the Closing Date in accordance with the Pre-Closing Reorganization, shall be satisfied by the Company performing the Assumed Liabilities as and when they become due; and
 - (c) Set off and adjustment of the Purchase Price dollar for dollar against the Interim Financing Facility outstanding between the Stalking Horse Bidder and Tool Shed as of closing.
121. Under the SISP, the minimum bid increment over and above the Stalking Horse Bid and Break Fee is \$20,000.
122. In the event a more favourable offer to the Stalking Horse Bid is received through the SISP, the Stalking Horse Bidder would be entitled to the Break Fee of \$60,000, being approximately 5% of the proposed purchase price, pursuant to the Stalking Horse Agreement. The break fee would compensate the Stalking Horse Bidder for the time, cost, and effort it expended in developing the SISP and Stalking Horse Agreement in the event that it is unsuccessful.

123. Tool Shed consulted with the Proposal Trustee in respect of the quantum of the Break Fee and I understand, based on those discussions, that the percentage is reflective of other break-fees granted in similar processes.
124. The proposed SISP was developed in consultation with Tool Shed's professional advisors and the Proposal Trustee. Tool Shed, in consultation with the Proposal Trustee, determined that the proposed SISP is in its and its creditors' and stakeholders' best interests. It is Tool Shed's expectation that it, its creditors, and its other stakeholders will derive a greater benefit from the proposed SISP than through a liquidation in a receivership or a bankruptcy.
125. I believe that the inclusion of the Stalking Horse Agreement in Tool Shed's proposed SISP will set a baseline for bidding in that process, and will provide competitive tension, maximizing the value to be derived with respect to Tool Shed and its business.

VI. COURT ORDERED CHARGES

Administration Charge

126. KPMG Inc. is acting as the Proposal Trustee in the within NOI Proceedings. During the lead up to the filing, KPMG Inc. had been working with the Company to establish a cash flow forecast and provide assistance relating to insolvency related matters.
127. KPMG Inc. is an independent officer of the Court and will provide oversight during the NOI Proceedings.
128. Miller Thomson LLP, legal counsel for Tool Shed, has been assisting Tool Shed with its restructuring efforts since March 2023.
129. Each of the Proposal Trustee, the Proposal Trustee's counsel, and counsel to the Company will play an important role during the course of the NOI Proceedings. However, these professionals are not prepared to provide their services unless a secured charge is granted by the Court over the property of Tool Shed (the "**Administration Charge**").
130. It is my understanding that Administration Charges are commonplace in Court supervised insolvencies, and the Company is seeking an Administration Charge over the property of Tool Shed which ranks in priority to all security interests, trusts, deemed

trusts, liens, charges and encumbrances, claims of secured creditors statutory or otherwise, in favour of any Person ("**Encumbrances**").

131. Given the professional advice required during the course of the NOI Proceedings, including the running and oversight of the SISF, I believe that an Administration Charge in the amount of \$250,000 is fair and reasonable in the circumstances and will provide the necessary assurances and protections to the professionals assisting the Company through the insolvency process.
132. Tool Shed has consulted its legal counsel and the Proposal Trustee in regard to the quantum of the Administration Charge. I understand that the Proposal Trustee is supportive of the amount being sought and views it as reasonable in the circumstances by providing the Company's professional advisors with the necessary security for their fees.

Interim Lender's Charge

133. In order for Tool Shed to continue to operate during the NOI Proceedings, it requires the necessary funding to do so. As Tool Shed has been unsuccessful in obtaining traditional financing and has also exhausted its efforts with other potential investors, the Company requires immediate financing.
134. The Interim Loan Agreement provides for a credit facility in the principal amount of \$250,000 with interest to accrue at 12% per annum.
135. It is a term of the Interim Loan Agreement that advances are conditional upon the Court granting a priority charge over the property and assets of Tool Shed in order to provide adequate security for the amounts drawn on the Interim Loan Facility.
136. Tool Shed is seeking the approval of the Interim Lender's Charge, which charge secures all advances under the Interim Loan Facility. The Interim Lender's Charge also will secure obligations incurred prior to the granting of the Order sought before the Court.
137. Under the proposed form of Order being sought, the Interim Lender's Charge will rank ahead of all Encumbrances except for the Administration Charge.
138. I understand that the Proposal Trustee is of the view that the Interim Lender's Charge is reasonable and is supportive of the Interim Lender's Charge.

139. Unless the Interim Lender's Charge is granted, Tool Shed will not have sufficient liquidity to continue operations, carry out the SISP, and maximize the value of its business.

VII. CONCLUSION

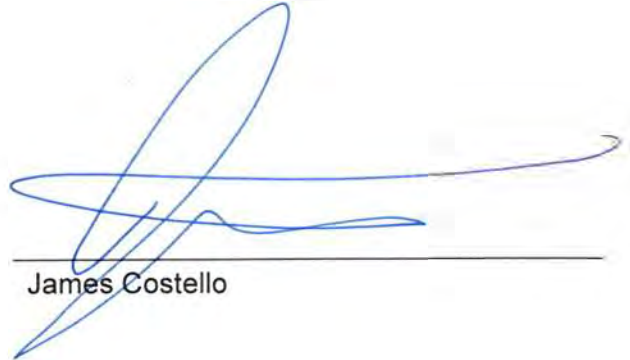
140. I swear this Affidavit in support of the Application and relief sought in NOI Proceedings and for no improper purpose.

SWORN BEFORE ME at the City of)
Calgary, Alberta, this 5 day of February,)
2024.)
)
)
)



Commissioner for Oaths in and for Alberta

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



James Costello

This is Exhibit "A" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3038201
Estate No. 25-3038201

In the Matter of the Notice of Intention to make a proposal of:

Tool Shed Brewing Company Inc.

Insolvent Person

KPMG INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 31, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 01, 2024, 09:23

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

District of:
Division No. -
Court No.
Estate No.

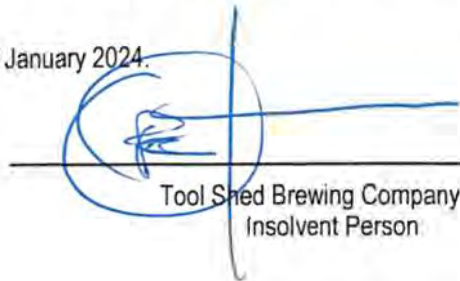
- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tool Shed Brewing Company Inc.
of the City of Calgary, in the Province of Alberta

Take notice that:

1. I, Tool Shed Brewing Company Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. KPMG Inc. of 3100, 205 5 Avenue SW, Calgary, AB, T2P 4B9, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Calgary in the Province of Alberta, this 31st day of January 2024.



Tool Shed Brewing Company Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tool Shed Brewing Company Inc.
of the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
30630 BDC Bank Loan 079835-05			61,965.00
30640 CEBA Loan			40,000.00
ABCRC (Supplier)	901 57 Ave NE Calgary AB T2E 8X9		8,752.56
Adil Hooda			20,000.00
Alex Putici			56,000.00
BBQ Trailer Loan			20,000.00
Beer Worx	1259 Highfield Cres SE Calgary AB T2G 5M2		698.51
Blaine Penny			59,560.79
Brad's Metal Works	328 Macewan Park View NW Calgary AB T3K 4G6		1,207.50
Cask Brewing Systems USD	5100 64 Ave SE, #60 Calgary AB T2C 4V3		94,014.00
CHEMAQUA	253 Orenda Road Brampton ON L6T 1E6		565.36
Chris Cheng			30,000.00
Cintas	1235 23 Ave SE Calgary AB T2G 5S5		764.36
CROWN	13911 South Foot of Garden City Rd Richmond BC V7A 2S5		1,126.47
Darryl Bourne			50,000.00
Dave Dupuis			100,000.00
David Waldron	116 Cranbrook View SE Calgary AB T3M 1W5		45,000.00
Digital Labels	77 West Beaver Creed Rd, #2 Richmond Hill ON L4B 1K4		5,339.55

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tool Shed Brewing Company Inc.
of the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Direct Energy #9596 Electricity	PO Box 1515, Stn M Calgary AB T2P 4K2		22,000.00
DJ Furchalk	5732 Hatfield Place Powell River BC V8A 4G4		262,190.30
Dr. Jirka Slaby - Loans			207,071.64
Due to Related Individuals	Various		319,418.75
Eastport Liquor Store - V	200 52 St NE, Unit 150 Calgary AB T2A 4K8		1,181.24
Ecolab	5664 69 Ave SE Calgary AB T2C 5B1		1,198.34
Enmax 502782601	141 50 Ave SE Calgary AB T2G 4S7		39,865.15
Enmax A10190593	141 50 Ave SE Calgary AB T2G 4S7		32,810.22
Falcon Systems	3824 7 St SE Calgary AB T2G 2Y8		2,682.75
Fully Managed	1550 5 St SW, Suite 300 Calgary AB T2R 1K3		1,091.50
Gord Appel			35,000.00
Graham Sherman	452 Mt Lorette PI SE Calgary AB T2Z 2L7		442,232.80
J&R Hall	16 Technology Way SE Rocky View AB T1X 0K7		10,198.50
James Costello	351 45 AVE SW Calgary AB T2S1B3		385,528.00
Janet Carmichael Professional Corporation	629 Reynolds Crescent SW Airdrie AB T4B 5G1		6,730.27
Jason Carl	2029 17th St. NW Calgary AB T2M 5A2		6,000.00
Jesse Modzelewski			75,000.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tool Shed Brewing Company Inc.
of the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
John Donovan			99,875.14
John Donovan	1128, 18A St. NW Calgary AB T2N 2H4		122,000.00
Julianna Bourne	1400, 333 7th Ave SW Calgary AB T2P 2Z1		122,075.91
Kegshare	6060 Silver Drive Burnaby BC V5H 0H5		2,161.09
Kevin Kent			50,000.00
Linde Canada	PO Box 2531, Stn M Calgary AB T2P 0S6		4,493.32
LND (Corkbeard Inc.)	15006 135 Ave NW Edmonton AB T5V 1R9		4,804.17
Mark Ryan			50,000.00
Miller Thomson	Eighth Avenue Place 525-8th Ave SW, East 43rd Floor Calgary AB T2P 1G1		26,615.51
Nathan Hudye			50,000.00
Neil Lyons & Joe Jacobs	110, 1121 Centre Street NW Calgary AB T2E 7K6		503,013.27
PHSP			4,878.29
Receiver General (CRA)	Canada Revenue Agency 275 Pope Road Summerside PE C1N 6E7		571,091.00
Rentokil Canada Corporation	820 28 St NE, #640 Calgary AB T2A 6R3		548.00
Second City Sign Design	2023 2 Ave SE, Bay 1 Calgary AB T2E 6K1		3,234.83
Shashi Behl			102,383.00
Shaw Business	PO Box 2468, Stn Main Calgary AB T2P 4Y2		255.15

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tool Shed Brewing Company Inc.
of the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Super Save Disposal	19395 Langley Bypass Surrey BC V3S 6K1		1,051.02
Telus	ADT Security Services 8481 Langelier Montreal QC H1P 2C3		578.57
Tom Taylor	11045 Hidden Valley Dr. NW Calgary AB T3A5 W3		251,640.13
TransRockies	3 - 135 Commercial Drive Calgary AB T3Z 2A7		1,784.16
Trim Digital Imaging	#107, 5 Bayside Place Strathmore AB T1P 1C8		10,802.58
Uline	3333 James Snow Parkway North Milton ON L9T 8L1		11,624.91
Wayne Orr	63 Woodgreen Drive SW Calgary AB T2W 4G6		219,698.22
York Realty	#1600, 10303 Jasper Ave Edmonton AB T5J 3N6		14,057.83
Total			4,673,859.66



Tool Shed Brewing Company Inc.
Insolvent Person

This is Exhibit "B" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2024/01/30
Time of Search: 12:37 PM
Search provided by: MILLER THOMSON LLP - CALGARY
Service Request Number: 41365832
Customer Reference Number: 0276443.0001

Corporate Access Number: 2017145869
Business Number: 833522444
Legal Entity Name: TOOL SHED BREWING COMPANY INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2012/11/24 YYYY/MM/DD
Date of Last Status Change: 2023/03/16 YYYY/MM/DD

Registered Office:

Street: 525 - 8TH AVENUE S.W., 43RD FLOOR
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Records Address:

Street: 525 - 8TH AVENUE S.W., 43RD FLOOR
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Email Address: CALGARYCORPORATESERVICES@MILLERTHOMSON.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
REID	JAMES	W.	MILLER THOMSON LLP	525 - 8TH AVENUE S.W., 43RD FLOOR	CALGARY	ALBERTA	T2P1G1	CALGARYCORPORATESERVICES@MILLERTHOMSON.COM

Directors:

Last Name: SHERMAN
First Name: GRAHAM
Street/Box Number: 452 MOUNT LORETTE PL SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z2L7

Voting Shareholders:

Last Name: 2190028 ALBERTA INC.
Street: 452 MOUNT LORETTE PLACE SE
City: CALGARY
Province: ALBERTA

Postal Code: T2X2L7
Percent Of Voting Shares: 49

Last Name: CHAN
First Name: TREVOR
Street: 3632 UTAH DRIVE NW
City: CALGARY
Province: ALBERTA
Postal Code: T2N4A7
Percent Of Voting Shares: 2.61

Last Name: DJSYNERGY INC.
Street: 5732 HATFIELD PLACE
City: POWELL RIVER
Province: BRITISH COLUMBIA
Postal Code: V8A4G4
Percent Of Voting Shares: 2.61

Legal Entity Name: HOTROD HOOLIGANS INC.
Corporate Access Number: 2013030891
Street: 251208 RANGE ROAD 32
City: CALGARY
Province: ALBERTA
Postal Code: T3Z1E4
Percent Of Voting Shares: 5.22

Last Name: SHERMAN
First Name: GRAHAM
Street: 452 MOUNT LORETTE PLACE SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z2L7
Percent Of Voting Shares: 36.69

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE A
Share Transfers Restrictions: SEE ATTACHED SCHEDULE B
Min Number Of Directors: 1
Max Number Of Directors: 10
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE ATTACHED SCHEDULE B

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2023	2024/01/30

Filing History:

List Date (YYYY/MM/DD)	Type of Filing

2012/11/24	Incorporate Alberta Corporation
2013/04/26	Name/Structure Change Alberta Corporation
2020/02/21	Update BN
2023/01/02	Status Changed to Start for Failure to File Annual Returns
2023/12/01	Change Agent for Service
2023/12/01	Change Address
2024/01/30	Change Director / Shareholder
2024/01/30	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/11/24
Restrictions on Share Transfers	ELECTRONIC	2012/11/24
Share Structure	ELECTRONIC	2013/04/26
Other Rules or Provisions	ELECTRONIC	2013/04/26

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "C" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
In and for the Province of Alberta

BEER AWARDS

2021



GOLD – Cow Killa
(Amber Ales)
SILVER – Flat Cap
(Stout)
BRONZE – Red Rage
(Amber Ales)

2020



GOLD – People Skills
(Patio Style Ale)
GOLD – Red Rage
(Amber Ales)

2019



GOLD – Red Rage
(Amber Ales)

2018



GOLD – Belgian Dip
(Belgian Ales)
SILVER – Red Rage
(Amber Ales)
BRONZE – Flat Cap
(Stout)



PEOPLES CHOICE AWARDS

2019



Canadian International
Beer Awards

2018



Jasper Beer &
Barley Summit

2017



Calgary Chamber Small
Business Week

2016



Science Of The Six Pack
- ATB Financial

BBQ AWARDS



3RD - OVERALL
4TH - CHICKEN
6TH - BRISKET
8TH - PORK

HOME

ABOUT

BEER

MENU

EVENT CALENDAR

FIND MY BEER



©2022 by Tool Shed Brewing

Subscribe to our list!

* indicates required

Email Address *

Subscribe

made with



mailchimp



This is Exhibit "D" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

IN THE NEWS

We've made a LOT of history from being in business for 10 years!

But don't take our word for it! Here's what our friends have said about Tool Shed and the Notorious P.I.G.:

- Top Calgary Breweries of 2022
- Top 5 breweries in Calgary!
- The launch of our first ever non-alcoholic beer based on the People Skills recipe; Zero People Skills
- How the business got started
- That time we fired a customer!
- Competition-style, award winning BBQ at the Notorious P.I.G.
- Delivering delicious BBQ right to your door
- Previous Wrestling Nights at the Brewery feat. Dungeon Wrestling

PR INFO

Want to do a story on Tool Shed Brewing? We love stories!

If you're looking for a specific quote, high-resolution image or a meeting, reach out to us at marketing@toolshed.beer with the key points.

ABOUT TOOL SHED BREWING:

WHAT HAPPENS WHEN YOU TAKE A HOBBY WAY TOO FAR...

[HOME](#)[ABOUT](#)[BEER](#)[MENU](#)[EVENT CALENDAR](#)[FIND MY BEER](#)

as they enjoy their craft, all the while, fantasizing about quitting their job in favour of a lifetime of bringing great beer to like-minded people. As Tool Shed Brewing continues to grow, we naturally continue to run into more like-minded people with the same passion and are building our brewery around these great folks at the core.



ABOUT THE NOTORIOUS P.I.G. YYC:

Our BBQ journey truly began with a trip to Tennessee back in 2003! Serendipitously, we stumbled upon the Memphis in May BBQ competition during that trip and our insatiable hunger for all things BBQ began. We fell head over heels in love with the culture, the people, the city, and the unfreaking believable experience of that first bite of authentic BBQ! Nearly 20 years later, after numerous competitions, we are bringing our award winning BBQ to Calgary!

Media inquiries: Shivani, Director of Marketing : marketing@toolshed.beer



©2022 by Tool Shed Brewing

Subscribe to our list!

* indicates required

Email Address *

Subscribe

made with  mailchimp

This is Exhibit "E" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

Search ID #: Z17020102

Transmitting Party

MILLER THOMSON LLP
Attention: Accounts Payable
2700, 10155 102 STREET
EDMONTON, AB T5J 4G8

Party Code: 50000066
Phone #: 780 429 1751
Reference #: Bh

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z17020102

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Registration Number: 15090422608

Registration Date: 2015-Sep-04

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Sep-04 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TOOL SHED BREWING COMPANY INC.
#9, 801 - 30 STREET NE
CALGARY, AB T2A 5L7

Current

Secured Party / Parties

Block

Status

1 ORR, WAYNE
63 WOODGREEN DRIVE SW
CALGARY, AB T2W 4G6

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR

Current

Search ID #: Z17020102

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Registration Number: 22072829320

Registration Date: 2022-Jul-28

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2027-Jul-28 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TOOL SHED BREWING COMPANY INC.
9, 801 - 30 STREET NE
CALGARY, AB T2A 5L7

Current

Secured Party / Parties

Block

Status

1 JULIANNA, BOURNE, MYERS
1232 18A STREET NW
CALGARY, AB T2N 2H4
Email: darryl.bourne@rbc.com

Current

Block

Status

2 DONOVAN, JOHN, DENIS
1228 18A STREET NW
CALGARY, AB T2N 2H4
Email: johndonovan@marchadvisory.com

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
AND ALL PROCEEDS THEREFROM

Current

Search ID #: Z17020102

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Registration Number: 22120114191

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2022-Dec-01

Registration Status: Current

Expiry Date: 2024-Dec-01 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2201-13004

Judgment Date is 2022-Dec-01

This Writ was issued on 2022-Dec-01

Type of Judgment is Other

Original Judgment Amount: \$154,130.79

Costs Are: \$0.00

Post Judgment Interest: \$0.00

Current Amount Owing: \$154,130.79

Exact Match on:

Debtor

No: 1

Solicitor / Agent

GOWLING WLG (CANADA) LLP

1600, 421 - 7TH AVENUE SW

CALGARY, AB T2P 4K9

Phone #: 403 298 1000

Fax #: 403 263 9193

Reference #: A169792

Email: KEVIN.PEDERSEN@GOWLINGWLG.COM

Debtor(s)

Block

Status

1 TOOL SHED BREWING COMPANY INC.
14505 BANNISTER RD SE
CALGARY, AB T2X 3J3

Current

Creditor(s)

Block

Status

1 2363082 ALBERTA LTD.
2100-222 3RD AVE SW
CALGARY, AB T2P 0B4

Current

Search ID #: Z17020102

Email: KEVIN.PEDERSEN@GOWLINGWLG.COM

Search ID #: Z17020102

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Registration Number: 22120513726

Registration Date: 2022-Dec-05

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2027-Dec-05 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TOOL SHED BREWING COMPANY INC.
9, 801 - 30 STREET NE
CALGARY, AB T2A 5L7

Current

Secured Party / Parties

Block

Status

1 TAYLOR, TOM, E
904, 505 - 4 STREET SE
CALGARY, AB T2G 1V6
Email: tometaylor@mac.com

Current

Collateral: General

Block

Description

Status

1 All present and after acquired personal property of the debtor and all proceeds therefrom

Current

Search ID #: Z17020102

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Registration Number: 22122128325

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2022-Dec-21

Registration Status: Current

Expiry Date: 2024-Dec-21 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2201 08905

Judgment Date is 2022-Nov-16

This Writ was issued on 2022-Dec-20

Type of Judgment is Other

Original Judgment Amount: \$196,564.81

Costs Are: \$5,846.82

Post Judgment Interest: \$32.16

Current Amount Owing: \$202,443.79

Exact Match on:

Debtor

No: 1

Solicitor / Agent

TALINA HANDEL
1200, 10201 SOUTHPORT ROAD, SW
CALGARY, AB T2W 4X9

Phone #: 587 885 2207

Email: THANDEL@WEST-LEGAL.CA

Reference #: 14-3786-21

Debtor(s)

Block

Status

1 TOOLSHED BREWING COMPANY INC.
801 30TH STREET NE
CALGARY, AB T2A 5L7

Current

Creditor(s)

Block

Status

1 2086017 ALBERTA LTD.
71 CONNAUGHT DRIVE NW
CALGARY, AB T2K 1V9

Current

Search ID #: Z17020102

Email: JIRKASL@YAHOO.COM

Search ID #: Z17020102

Business Debtor Search For:

TOOL SHED BREWING COMPANY INC.

Search ID #: Z17020102

Date of Search: 2024-Feb-04

Time of Search: 13:18:08

Registration Number: 23031723243

Registration Date: 2023-Mar-17

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2033-Mar-17 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 TOOL SHED BREWING COMPANY INC.
9,801 30 STREET NE
CALGARY, AB T2A 5L7

Current

Block

Status

2 SHERMAN, GRAHAM, MITCHELL
452 MT LORETTE PL SE
CALGARY, AB T2Z 2L7

Current

Birth Date:
1977-Mar-18

Secured Party / Parties

Block

Status

1 STAMPEDE LEASING
2508 24 AVE NE
CALGARY, AB T1Y 6R8
Phone #: 403 984 0634
Email: tomthomas@stampedeleasing.com

Current

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1 5TFJC5DB9PX019412 2023 Toyota/Tundra MV - Motor Vehicle Current

Search ID #: Z17020102

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

TOOL SHED BREWING COMPANY
#9, 801 30 STREET NE
CALGARY, AB T2A 5L7

Reg.#

22102629695

WRIT OF ENFORCEMENT

Result Complete

Search ID #: Z17020116

Transmitting Party

MILLER THOMSON LLP
Attention: Accounts Payable
2700, 10155 102 STREET
EDMONTON, AB T5J 4G8

Party Code: 50000066
Phone #: 780 429 1751
Reference #:

Search ID #: Z17020116

Date of Search: 2024-Feb-04

Time of Search: 13:46:27

Registration Number Search For:

22102629695

Registration Found



Search ID #: Z17020116

Registration Number Search For:

22102629695

Search ID #: Z17020116

Date of Search: 2024-Feb-04

Time of Search: 13:46:27

Registration Number: 22102629695

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2022-Oct-26

Registration Status: Current

Expiry Date: 2024-Oct-26 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2201-12208

Judgment Date is 2022-Sep-26

This Writ was issued on 2022-Oct-19

Type of Judgment is Other

Original Judgment Amount: \$26,097.84

Costs Are: \$273.13

Post Judgment Interest: \$2.28

Current Amount Owing: \$26,373.25

Solicitor / Agent

D'ARCY & DEACON LLP ATTN: TRAVIS J. WEBBER
2200 - ONE LOMBARD PLACE
WINNIPEG, MB R3B 0X7

Phone #: 204 925 5392

Fax #: 204 943 4242

Reference #: 120270-0032

Email: TWEBBER@DARCYDEACON.COM

Debtor(s)

Block

Status

1 TOOL SHED BREWING COMPANY
#9, 801 30 STREET NE
CALGARY, AB T2A 5L7

Current

Creditor(s)

Block

Status

1 AGI SOLUTIONS
C/O 2200 - ONE LOMBARD PLACE
WINNIPEG, MB R3B 0X7
Email: TWEBBER@DARCYDEACON.COM

Current

Result Complete

Search ID #: Z17020116

This is Exhibit "F" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

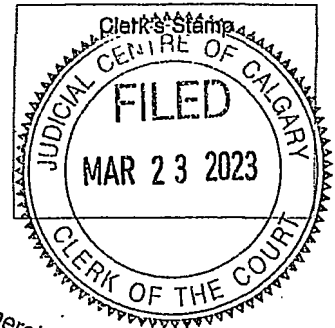
David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

COURT FILE NUMBER 2201-13004
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT TOOL SHED BREWING COMPANY INC.
PLAINTIFF 2363082 ALBERTA LTD.
DEFENDANTS TOOL SHED BREWING COMPANY INC.
DOCUMENT ORDER

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MILLER THOMSON LLP
3000, 700 - 9th Avenue S.W.
Calgary, AB, Canada T2P 3V4
Attention: James W. Reid / Arsham Gill

Telephone: 403.298.2418 / 403.206.6348
Fax: 403.262.0007
E-mail: jwreid@millერთomson.com / agill@millერთomson.com
File No.: 0276443.0001



I hereby Order this to be a true copy of
the original Order
Dated this 23 day of Mar. / 2023
D. Hawkins
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 23, 2023
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice D.B. Nixon
LOCATION OF HEARING: Calgary Courts Centre

UPON THE APPLICATION by Tool Shed Brewing Company Inc. (the "Company") for an order, among other things, directing the Clerk of the Court to distribute the Garnished Funds (defined below) out of Court to the Company, and directing any future Garnished Funds to be paid to the Company;

AND UPON HAVING READ the Application and Affidavit of Tom Taylor sworn March 23, 2023; the Affidavit of Julianna Bourne affirmed February 21, 2023; and the Order of Justice Sidnell pronounced March 14, 2023;

AND UPON HEARING the submissions of counsel for the Company, counsel for Julianna Bourne and John Donovan, Wayne Orr, and 2363082 Alberta Ltd. (collectively, the "Garnishee Claimants"), and such other counsel in attendance;

AND UPON NOTING the consent of counsel for the Garnishee Claimants endorsed hereon;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

FUNDS PAID OUT OF COURT

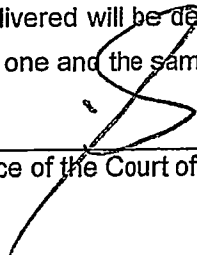
2. The Clerk of the Court of King's Bench of Alberta is hereby directed to release to the Company all funds currently being held by it, or which may be paid into Court subsequent to this Order, pursuant to garnishee summons issued in Court of King's Bench File Number 2201 - 13004 (the "Garnished Funds").
3. Any person who has received a garnishee summons in this action directing it to pay funds to the Clerk of the Court is hereby directed to pay any such amounts to the Company to be deposited in its bank account for use pursuant to paragraph 5 of this Order.
4. From the Garnished Funds:
 - (a) \$10,000 is to be paid to the Garnishee Claimants Julianna Bourne and John Donovan in partial satisfaction of their legal fees in collecting the Garnished Funds;
 - (b) \$10,000 is to be paid to the Garnishee Claimant Wayne Orr in partial satisfaction of his legal fees in collecting the Garnished Funds; and
 - (c) \$6,000 is to be paid to the Garnishee Claimant 2363082 Alberta Ltd. in partial satisfaction of its legal fees in collecting the Garnished Funds.
5. The remainder of the Garnished Funds are to be used only for ordinary course business expenses of the Company, which uses may be reviewed by the Garnishee Claimants upon reasonable notice being given to the Company.

6. The payments made by the Company pursuant to this Order shall not constitute or be deemed to be a preference, fraudulent conveyance or transfer at undervalue or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.
7. The consent of the Garnishee Claimants to this Order is not an acknowledgment or admission by any of them of the validity or enforceability of the other Garnishee Claimants' respective claims to the Garnished Funds, and this Order is without prejudice to the rights of the Garnishee Claimants or any other person interested in the Garnished Funds to dispute the validity or enforceability of any claim that the other Garnishee Claimants or any other person interested in the Garnished Funds may have or make to the Garnished Funds.

MISCELLANEOUS

8. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
9. Service of this Order shall be deemed good and sufficient by serving same on the persons who were served with notice of this Application and any other parties attending or represented at the hearing of the Application.
10. Service of this Order on any other person is hereby dispensed with.
11. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

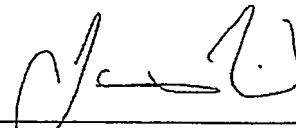
12. This Order may be executed in any number of counterparts, including by facsimile or e-mail, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same Order.


Justice of the Court of King's Bench of Alberta

CONSENTED TO BY:

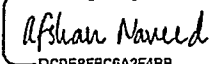
MILLER THOMSON LLP

Per:


James W. Reid
Counsel to Tool Shed Brewing
Company Inc.

DENTONS CANADA LLP

Per:

DocuSigned by:

DCDE8FBC6A2F4BB...
Afshan Naveed
Counsel to Wayne Orr

LAWSON LUNDELL LLP

Per:

Alexis Teasdale
Counsel to John Donovan and
Julianna Bourne

GOWLING WLG (CANADA) LLP

Per:

Kevin Pedersen
Counsel to 2363082 Alberta Ltd.

12. This Order may be executed in any number of counterparts, including by facsimile or e-mail, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same Order.

Justice of the Court of King's Bench of Alberta

CONSENTED TO BY:

MILLER THOMSON LLP

Per:

James W. Reid
Counsel to Tool Shed Brewing
Company Inc.

DENTONS CANADA LLP

Per:

Afshan Naveed
Counsel to Wayne Orr

LAWSON LUNDELL LLP

Per:



Alexis Teasdale
Counsel to John Donovan and
Julianna Bourne

GOWLING WLG (CANADA) LLP

Per:

Kevin Pedersen
Counsel to 2363082 Alberta Ltd.

12. This Order may be executed in any number of counterparts, including by facsimile or e-mail, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same Order.

Justice of the Court of King's Bench of Alberta

CONSENTED TO BY:

MILLER THOMSON LLP

Per:

James W. Reid
Counsel to Tool Shed Brewing
Company Inc.

DENTONS CANADA LLP

Per:

Afshan Naveed
Counsel to Wayne Orr

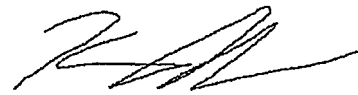
LAWSON LUNDELL LLP

Per:

Alexis Teasdale
Counsel to John Donovan and
Julianna Bourne

GOWLING WLG (CANADA) LLP

Per:


Kevin Pedersen
Counsel to 2363082 Alberta Ltd.

This is Exhibit "G" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



November 10, 2023

Gowling WLG (Canada) LLP

Lawyer: Sean V. Green
Phone: (587) 356-0356
Email: sean@summitlegalgroup.ca
Assistant: Chantal Boucher
Phone: (587) 393-8727
Email: chantal@summitlegalgroup.ca

File No: 1701062-002

Attention: Kevin Pedersen

Re: Sherman and 2363082 Alberta Ltd.
Discharge of fourth mortgage
452 Mt. Lorette Place SE, Calgary, Alberta T2Z 2L7
9311157;4;71

Please find enclosed confirmation of deposit to your account in the sum of **\$169,820.56**, being the amount required to discharge this Writ. We further enclose a copy of your payout statement.

These funds are sent to you in trust on the condition that you will provide us with a registrable discharge of the above-mentioned Writ registered as 231 141 414 and caveat registered as 230188292 and a release of interest in the insurance. Kindly provide same to our office within 30 days, as required by the *Law of Property Act*.

We trust that you find the above to be in order; however, if you have any questions or concerns please do not hesitate to contact our office.

Yours very truly,

Summit Legal Group

Sean V. Green
SVG:cj
Encls.

<u>Payout Statement for 2363082 Alberta Ltd.</u>	
Judgment Amount	\$155,644.26
Post-Judgment Interest - <u>Based on payout date of November 10, 2023</u> - 2023 interest – 3.8% - Post-judgment interest period – Feb 23, 2023 to November 10, 2023 - $(\\$155,644.26 \times 3.8\%) \times (261/365)$	\$4,229.26
Enforcement Costs	\$3,039.75
Legal Fees and Disbursements	\$6,907.29
<u>TOTAL OWING</u>	\$169,820.56

SEE REVERSE FOR LIST OF SECURITY FEATURES ON THIS STOCK

SEE REVERSE FOR LIST OF SECURITY FEATURES ON THIS STOCK

**SUMMIT LEGAL GROUP
TRUST**
#200, 30 Glendee Circle SE
Calgary, AB T2H 2Z7

TD Canada Trust
Calgary - McKenzie Towne
49 McKenzie Towne Ave SE
Calgary, AB T2Z 0S8

00015273

Date **1 1 1 0 2 0 2 3**
M M D D Y Y Y Y

PAY

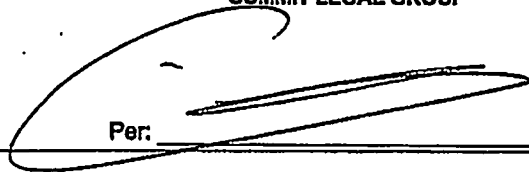
**** ONE HUNDRED SIXTY NINE THOUSAND EIGHT HUNDRED TWENTY and 56/100 dollars

169,820.56

TO
THE
ORDER
OF

Gowling WLG (Canada) LLP in Trust

SUMMIT LEGAL GROUP

Per: 

⑈000015273⑈ ⑆80739⑈004⑆ 8073⑈5013202⑈

SUMMIT LEGAL GROUP

00015273

Date 11/10/2023
Payee Gowling WLG (Canada) LLP in Trust
Description Payout Writ
Number 15273
Amount 169,820.56

Client / G/L Amount
1701062002 / 169,820.56

Client / G/L Amount

Client / G/L Amount

B07-P2-Top (1082183)

This is Exhibit "H" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison

Student-at-Law

**Notary Public & Commissioner for Oaths
in and for the Province of Alberta**

January 25, 2024

Toolshed Brewing Company Inc.
#9, 801 30 Street NE
Calgary, Alberta T2A 5L7

Attn: James Costello, CEO

Via Email: james@toolshedbrewing.com

Re: Judgment Owing to 2083017 Alberta Ltd.
Court File No.: 2201 08905
Our Client: 2086017 Alberta Ltd.
Our File No.: 19-4928-22

Further to the above-noted Judgment and Writ of Enforcement, enclosed, we enclose for service on you the Financial Statement of Corporate Debtor (Form 14), pursuant to section 35.10 of the Civil Enforcement Regulation, Alta Reg 296/1995.

Toolshed Brewing Company Inc. has **fifteen (15) days from the date of this correspondence to provide our office with the financial report contained in Form 14**, pursuant to sections 35.05(2), 35.05(10) and 35.10 of the CE Regulation.

Please also take notice that we **hereby demand production of the Canada Revenue Agency Notice of Debt received by Toolshed Brewing Company Inc. evidencing the total debt owing to CRA, within the fifteen (15) day deadline** imposed by the enclosed Financial Statement of Corporate Debtor. Should our office not receive same by the requisite deadline, take notice that we have instructions to bring an application to compel the production of such records, and to seek costs for same.

Yours truly,

WEST LEGAL



Talina Handel
Barrister & Solicitor

Encl. Financial Statement of Corporate Debtor: Toolshed Brewing Company Inc. (Form 14)

Form 14
Statutory Declaration

Financial Statement of Debtor
(Corporate Debtor)

File Number _____

In accordance with section 35.10 of the *Civil Enforcement Regulation*, the Corporation must, within 15 days of being served with this form, provide the completed form to the enforcement creditor.

A. Debtor Information (Please Print)

I, _____
Full Name of Deponent

of _____
Address of Deponent Telephone Number of Deponent

am the _____ of _____
Position with Corporate Debtor Toolshed Brewing Company Inc.
Name of Corporate Debtor

Address of Corporate Debtor Telephone Number of Corporate Debtor

and I solemnly declare that the contents of this document are true and accurate.

B. Assets

Real Estate

List all real estate (homes, rental properties, cottages, condominiums, etc.) both within and outside the Province of Alberta in which the corporation owns an interest, including municipal address, legal description, purchase price, balance owing and current market value.

	Municipal Address	Legal Description	Purchase Price	Balance Owing	Current Market Value
1.					
2.					
3.					

List the name and address of any mortgagee for each property described above, as well as the date the mortgage was granted and the amount outstanding on the mortgage.

	Name of Mortgagee	Address of Mortgagee	Date of Mortgage Granted	Amount Outstanding on Mortgage
1.				
2.				
3.				

Motor Vehicles

List all motor vehicles, including cars, trucks, farm machinery, construction equipment, recreational vehicles, aircraft, etc. in which the Corporation owns an interest.

	Type - Make - Model - Year	Serial No.	Purchase Price	Current Market Value
1.				
2.				
3.				

If any of the above vehicles are subject to any liens or encumbrance, specify.

	Holder of Lien or Encumbrance	Date of Lien or Encumbrance	Balance Owing on Lien or Encumbrance
1.			
2.			
3.			

List all fixtures, equipment and inventory.

	Type - Make - Model - Year	Serial Number, if Applicable	Purchase Price	Current Market Value
1.				
2.				
3.				

Bank Accounts

List all deposit accounts, term deposits, annuities, etc., specifying the following:

	Type of Deposit	Name of Institution	Account No.	Branch Address	Amount
1.					
2.					
3.					

Also, specify whether there are any conditions attached to redemption of the account, and, if applicable, any expiry dates.

	Conditions Attached to Redemption	Expiry Date, if Applicable
1.		
2.		
3.		

Receivables and Ongoing Contracts

List all receivables and ongoing contracts.

	Name	Address	Amount Owing
1.			
2.			
3.			

Shares and Securities

If the corporation has holdings in a corporation, complete the following:

List all shares, options, warrants, etc., and their current market value.

	Name of Corporation	Type	Number	Current Market Value	Dividends Payable (if any)	Date Payable
1.						
2.						
3.						

List all bonds and debentures held and their current market value.

	Name of Issuer	Class or Series	Quantity Held	Total Market Value
1.				
2.				
3.				

List location of all certificates for all corporate holdings and their respective name(s) and address(es).

	Location of Security Certificates or Other Evidence of Ownership of Securities	Name and Address of Broker(s)
1.		
2.		
3.		

Trust Properties

List all properties or interests held by a Trustee on the Corporation's behalf.

	Description of Assets Held	Location of Assets	Name and Address of Trustee
1.			
2.			
3.			

Other Assets

List all other assets, specifying kind, value and location, and whether solely or jointly owned.

Type of Asset	Description	Sole Owner		Location	Value
		Yes	No		
Interest in other businesses					
Promissory notes, judgment debts					
Loans and mortgages receivable					

List all other assets, specifying kind, value and location, and whether solely or jointly owned (e.g. art, jewellery, bullion).

Description of Asset	Sole Owner		Location	Value
	Yes	No		

C. Transfer of Property

Has the corporation given away, sold, assigned or otherwise transferred any property (land, buildings, vehicles, money, equipment, inventory, etc.) outside the ordinary course of business within the past year? Specify details below.

Description of Property	To Whom Transferred	Date of Transfer	How Much Money, if Any, Was Recovered By the Corporation?

D. Insurance

List all insurance policies in which the corporation is named beneficiary, including the insurance company granting the policy, the policy number, the amount, the person insured, the premium and its cash surrender value.

Insurance Company	Policy No.	Amount	Person Insured	Premium	Cash Surrender Value

E. Additional Income and Assets

List all income and assets not itemized above (legal action claims under insurance policies, etc.).

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED BEFORE ME at _____

Alberta, on _____, _____

A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

Print Name and Expiry Date

CERTIFIED

E. Wheaton
by the Court Clerk as a true copy of the
document digitally filed on Nov 16, 2022

COURT FILE NUMBER 2201 08905
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF 2086017 Alberta Ltd.
DEFENDANT Toolshed Brewing Company Inc.
DOCUMENT ORDER
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS DOCUMENT
West Legal
Barristers & Solicitors
#880, 10201 Southport Road SW
Calgary, Alberta T2W 4X9
Telephone: (403) 723-0175
Facsimile: (403) 723-0378
E-mail: thandel@west-legal.ca
Attention: Talina Handel
File No.: 19-4928-22

Clerk's Stamp



DATE ON WHICH ORDER WAS PRONOUNCED: November 16, 2022

LOCATION OF HEARING: Calgary, Alberta

NAME OF APPLICATIONS
JUDGE WHO MADE THIS ORDER:

J. FARRINGTON

UPON THE APPLICATION of the Plaintiff; AND UPON having read the Affidavit of Jiri Slaby, filed; AND UPON hearing from counsel for the Plaintiff; AND UPON the Defendant not having delivered any Statement of Defence or Demand for Notice within the applicable time after service of the Statement of Claim; IT IS ORDERED THAT:

1. The Plaintiff recovers Judgment against the Defendant in the sum of \$150,286.00, together with contractual interest in the sum of \$46,278.81 for a total of \$196,564.81.
2. The Plaintiff shall recover from the Defendant costs of this action on a solicitor-client, full indemnity basis, pursuant to the Statement of Claim and the Promissory Note, in the sum of \$5,846.82.


A.J.C.K.B.A.



Protected A (when completed)

Writ of Enforcement Financing Statement *Civil Enforcement Act*



C121720

Court Location Calgary	Court File Number 2201 08905	Type of Judgment ☐ Crown ☐ Employment Standards ☒ Other
----------------------------------	--	---

This Writ authorizes enforcement proceedings in accordance with the *Civil Enforcement Act*.
The particulars of the Writ are as follows:

Debtor

Select one ☒ Business ☐ Individual		Occupation	
Business Name or Last Name Toolshed Brewing Company Inc.		First Name	Middle Name
Street Address 801 30th Street NE	City Calgary	Province Alberta	Postal Code T2A 5L7
Gender ☒ M ☐ F	Birthdate (if known) yyyy-mm-dd		

Creditor

Select one ☒ Business ☐ Individual			
Personal Property Registry (P.P.R.) Party Code		Business Name or Last Name 2086017 Alberta Ltd.	First Name
			Middle Name
Street Address 71 Connaught Drive NW	City Calgary	Province AB	Postal Code T2K 1V9
Email Address jirkas@yahoo.com			

- ☐ Additional Debtors and Creditors and/or other information listed on attached addendum.
- ☐ If claiming priority based on an Attachment Order or partial Assignment, indicate previous P.P.R. Registration Number.

Date of Judgment (or date Judgment effective, if different) 16 day of November, 2022
Day Month in Full Year

Original Judgment \$ 196,564.81 Costs \$ 5,846.82

Post Judgment Interest \$ 32.16 Current Amount Owning \$ 202,443.79

Solicitor/Agent/Creditor

Personal Property Registry (P.P.R.) Party Code		Name in Full Talina Handel	
Street Address 1200, 10201 Southport Road, SW	City Calgary	Province AB	Postal Code T2W 4X9
Telephone Number 587-885-2207	Fax Number	Email Address thandel@west-legal.ca	Call Box
		Your Reference Number 14-3786-21	

To Register Against Serial # Goods at Personal Property Registry, complete the following:

Serial Number (Only applicable to serial number goods, e.g. motor vehicles.)	Year yyyy	Make and Model	Category

Name of Person Authorized to Complete this Form (PRINT) **TALINA HANDEL** Authorized Signature

Registry Agent Office Use Only
Date of Submission yyyy-mm-dd

This is Exhibit "I" referred to in the Affidavit of James Costello sworn before me this 5th day of February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

Tool Shed Brewing Company Inc.
Balance Sheet
As of November 30, 2023

	Total
Assets	
Current Assets	
Total Cash and Cash Equivalent	\$ 32,877.34
Accounts Receivable (A/R)	
11000 Accounts Receivable	60,830.67
Total Accounts Receivable (A/R)	\$ 60,830.67
10660 AGLC Clearing Account	
13000 Inventory Asset	51,725.34
CURRENT ASSETS	46,540.82
EKOS INVENTORY	126,868.76
Total Current Assets	\$ 318,842.93
Non-current Assets	
Property, plant and equipment	
15000 Fixed Assets	1,813,217.80
16100 BBQ Trailer Asset	34,590.06
17000 Accumulated Depreciation	-966,724.03
18000 Acc Dep'n - BBQ Trailer	-9,000.00
18001 Acc Dep'n - 2nd Food Truck	-12,000.00
18100 Acc Dep'n - BBQ Kitchen Equip.	-1,122.73
BBQ Kitchen Equipment	22,936.50
Total Property, plant and equipment	\$ 881,897.60
Total Non Current Assets	\$ 881,897.60
Total Assets	\$ 1,200,740.53
Liabilities and Equity	
Liabilities	
Current Liabilities	
Total Accounts Payable (A/P)	\$ 992,379.96
25550 Accrued Liabilities	-0.13
25701 Excise Duty Payable (Prior Months)	3,031.62
CRA LIABILITIES	557,740.06
CURRENT LIABILITIES	-33,555.42
EMPLOYEE LIABILITIES	25,773.46
Payroll Liabilities	343.92
Total Current Liabilities	\$ 1,545,713.47
Non-current Liabilities	
LONG-TERM LIABILITIES	3,466,234.20
Total Non-current Liabilities	\$ 3,466,234.20
Total Liabilities	\$ 5,011,947.67
Equity	
CAPITAL STOCK	960,100.00
Retained Earnings	-4,720,754.23
Profit for the year	-50,552.91
Total Equity	-\$ 3,811,207.14
Total Liabilities and Equity	\$ 1,200,740.53
	0.00

This is Exhibit "J" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
In and for the Province of Alberta



Canada Revenue Agency
Agence du revenu
du Canada

Alberta Tax Services Office
Edmonton AB T5J 4C8

January 09, 2024

TOOL SHED BREWING COMPANY INC.
9 - 801 30 STREET NE
CALGARY AB T2A 5L7

Account Number
83352 2444 RP0001

Dear Sir:

Re: Certificate number: ITA-169-24
Amount of Certificate: \$564,237.84

Under the Income Tax Act, we have registered a certificate in the Federal Court on December 08, 2023 and have obtained a Writ.

As of today, you owe \$571,091.70.

If you do not pay the amount at once, we can register a lien against your real or personal property, or both, and seize and sell some of your assets to pay your debt.

To avoid this, send us your payment, payable to the Receiver General for Canada, for the amount owing.

You can make your payment in the following ways:

- use your financial institution's telephone or online banking services
- use My Payment at www.canada.ca/cra-my-payment to pay with your debit card using Interac Online
- pay by pre-authorized debit through My Account at canada.ca/my-cra-account or My Business Account at canada.ca/my-cra-business-account
- pay in person at your financial institution or at an automated banking machine. You will need a personalized remittance voucher. If you don't have a voucher, you can get one by calling the Canada Revenue Agency business enquiries line at 1-800-959-5525

You can also mail your payment to:

.../2

Canada

Prairies Regional
Collections/Compliance Centre
10 - 9700 Jasper Avenue NW
Edmonton AB T5J 4C8

Local : 780-235-7836
Toll Free : 1-877-681-2143
Fax : 780-495-0429
Web site : canada.ca/taxes

Canada Revenue Agency
PO Box 3800 STN A
Sudbury ON P3A 0C3

Write your account number on the front of your payment.

For other payment options, go to cra.gc.ca/payments.

You can get detailed information on your debt by calling us at one of the numbers provided in this letter. Please have your account number available.

Yours truly,

K. Goyal (1225)
Collections Officer

This is Exhibit "K" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

From: Liquor Revenue <LiquorRevenue@aglc.ca>

Date: Monday, January 29, 2024 at 9:19 AM

To: Finance <finance@toolshed.beer>, Liquor Revenue <LiquorRevenue@aglc.ca>

Cc: Liquor Revenue <LiquorRevenue@aglc.ca>

Subject: RE: 5554 Tool Shed - Invoice & Payment Assistance/ Misc Items on File

Hi Cayla.

Happy Monday.

I am so sorry for the delay in reply. I took Friday off so now I am playing catch up with emails.

So there is no glitch in the matrix and yes, I am sure your LSA outstanding listing does look a bit weird.

AGLC actually received a "Requirement to Pay" notice by the CRA that we are trying to reconcile how to pay the consignment to Tool Shed while also honoring the request of the CRA.

I am not sure if Liquor Services or Inspections have reached out to discuss with Tool Shed?

Thank you,
Jamie

Jamie Schenknecht

Senior Liquor Revenue Administrator

Phone: 1-825-480-4755 Ext. 8886 **Email:** liquorrevenue@aglc.ca **Web:** aglc.ca

50 Corriveau Avenue, St. Albert AB T8N 3T5



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and Canada's Best Employers for New Graduates.*

Protected A

From: Finance <finance@toolshed.beer>
Sent: Friday, January 26, 2024 12:51 PM
To: Liquor Revenue <LiquorRevenue@aglc.ca>
Cc: Liquor Revenue <LiquorRevenue@aglc.ca>
Subject: [EXTERNAL] Re: 5554 Tool Shed - Invoice & Payment Assistance/ Misc Items on File

Hi Jamie,

I think it got most of this all cleared up, I still haven't received payment from BK and it appears it hasn't gone through the portal either?

On that note, I was just wondering what was going on with the account there is a scary amount of stuff in the outstanding and paid lol

There also seems to be a glitch in the matrix this week, I've had weird things happening all week.

Licensee 778162 – Willow Park
Invoice 6259 on file for \$2400.00
January 10th payment of \$2190.07 and
January 15th payment of \$401.25

Should I be applying one or both of these payments to the invoice or neither?

Neither, one invoice has been submitted, there was an inventory mishap on the other invoice and will be shipped on Monday!!

Licensee 784386 – Fine Print
Invoice 6232 came through at \$357.14
Cheque payment was for \$345.71
Short paid by \$11.43

This appears to be a pricing error, I'm still investigating this one. We did hire a new sales director, everything should be going back to normalish around here soon!!

Licensee 760031 – Eastport
Invoice 6266 came through at \$650.63
Payment rec'd for \$170.63
Short paid by \$480.00

Keg credits were missing on invoice – this has been uploaded now!!

I hope you have a fantastic weekend!!

Cheers,



Cayla Ziegler
Corporate Controller
Tool Shed Brewing Co.
cayla@toolshed.beer
Office: (403) 775-1749

Protected A

From: Liquor Revenue <LiquorRevenue@aglc.ca>

Date: Wednesday, January 24, 2024 at 12:39 PM

To: Finance <finance@toolshed.beer>

Cc: Liquor Revenue <LiquorRevenue@aglc.ca>

Subject: 5554 Tool Shed - Invoice & Payment Assistance/ Misc Items on File

Hi Cayla.

Happy (wine) Wednesday – you might need with some of my questions and comments below (sorry)

I hope your day has been going great 😊

I am just in need of some assistance when you have a moment to spare.

Licensee 778162 – Willow Park

Invoice 6259 on file for \$2400.00

January 10th payment of \$2190.07 and

January 15th payment of \$401.25

Should I be applying one or both of these payments to the invoice or neither?

Licensee 784386 – Fine Print

Invoice 6232 came through at \$357.14

Cheque payment was for \$345.71

Short paid by \$11.43

Licensee 760031 – Eastport

Invoice 6266 came through at \$650.63

Payment rec'd for \$170.63

Short paid by \$480.00

Any and all help on these couple of items would be greatly appreciated.

Chat soon and thank you!

Jamie

Jamie Schenknecht

Senior Liquor Revenue Administrator

Phone: 1-825-480-4755 Ext. 8886 **Email:** liquorrevenue@aglc.ca **Web:** aglc.ca

50 Corriveau Avenue, St. Albert AB T8N 3T5



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Protected A

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received the email from your system. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

This is Exhibit "L" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

March 8, 2023

File No.: 002002-18

Delivered Via Courier

Sent Via E-mail: [annualreturns@macleod-law.com, graham@toolshed.beer]

Tool Shed Brewing Company Inc.
14505 Bannister Road SE
Calgary, AB T2X 3J3

Attention: Graham Sherman

Dear Sir:

Re: Obligations of Tool Shed Brewing Company Inc. (the "Borrower") to Wayne Orr (the "Lender")

We are counsel to the Lender. As you are aware, the Borrower is indebted to the Lender pursuant to various loan agreements and promissory notes, as amended from time to time, including but not limited to:

1. Promissory Note, in the principal amount of \$900,000, dated September 3, 2015;
2. November 20, 2020, in the principal amount of \$36,000, dated November 20, 2020;
3. Promissory Note, in the principal amount of \$60,000, dated November 2, 2021; and
4. Promissory Note, in the principal amount of \$60,000/per year, dated October 25, 2022;

(collectively the "**Notes**").

As security for amounts owing under the Notes, the Borrower granted a General Security Agreement, in favour of the Lender, dated September 15, 2015 (the "**Security**").

We understand, the Borrower is in default of its obligations to the Lender with respect to the Notes for, among other things, (i) failing to make payments, as and when they become due; (ii) voluntary or involuntary liquidation of the Borrower (collectively the "**Defaults**"). For clarity, the foregoing is not an exhaustive list of all defaults committed by the Borrower and the Lender does not waive any defaults and reserves the right to exercise all remedies available to it under the Notes and Security, or otherwise at law.

Further to the Defaults and on behalf of the Lender, we hereby demand repayment of all amounts due and owing by the Borrower to the Lender pursuant to the Notes and Security, namely the amount of **\$430,911.54** as of February 28, 2023, plus all accrued and accruing interest, expenses, and legal costs (the "**Indebtedness**").

LuatViet ► Fernanda Lopes & Associados ► Guevara & Gutierrez ► Paz Horowitz Abogados ► Sirote ► Adepetun Caxton-Martins Agbor & Segun ► Davis Brown ► East African Law Chambers ► Eric Silwamba, Jalasi and Linyama ► Durham Jones & Pinegar ► LEAD Advogados ► For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by the Lender for which the Borrower will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Wayne Orr
C/O Dentons Canada LLP
1500, 850 – 2nd Street, SW
Calgary, Alberta T2P 0R8
Attention: Afshan Naveed

If full payment, as set forth above, is not received by 5:00 PM (Calgary time) on **March 20, 2023** the Lender will take whatever steps it deems appropriate to seek repayment of the said amount. To this end, we enclose for service upon you a Notice of Intention to Enforce Security in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada).

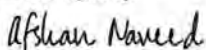
Please note that the Lender does not waive any defaults and reserves the right to exercise all remedies available to it under the Notes and Security or otherwise at law and the Lender reserves its rights to proceed against the Borrower: (a) prior to the time stipulated above in the event that it determines that its position is further jeopardized; and (b) any time, or from time to time, after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned directly.

Yours very truly,

Dentons Canada LLP

DocuSigned by:



DCDE8F8C6A2F48B

Afshan Naveed

Partner

AN/tt

Encl – Notice of Intention to Enforce Security – s.244 (BIA)

NOTICE OF INTENTION TO ENFORCE A SECURITY (s.244 BIA)
(Rule 124)

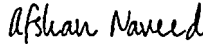
To: Tool Shed Brewing Company Inc., an insolvent person,

Take notice that:

1. Wayne Orr (the "**Secured Party**"), a secured creditor, intends to enforce his security on the insolvent person's property described below:
 - (a) all present and after-acquired personal property of the insolvent person; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is a General Security Agreement, dated September 3, 2015 (the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of **February 28, 2023** is **\$430,911.54** plus all further accruing interest, fees, costs, expenses, and legal costs.

The secured creditor will not have the right to enforce the Security until after the expiry of the 10 day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary, Alberta, this 8th day of March, 2023.

DocuSigned by:

DCDE8FBC6A2F4BB...

Dentons Canada LLP, Solicitors for
Wayne Orr
Per: Afshan Naveed

CONSENT AND WAIVER

WE THE UNDERSIGNED hereby:

1. Acknowledge receipt of the Notice herein;
2. Waive the 10 days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and
3. Consent to the immediate enforcement by the Secured Party of the Security referred to herein.

DATED this _____ day of _____, 2023.

Tool Shed Brewing Company Inc.

Per: _____

Authorized Signatory

Name:

Title:

I have authority to bind the corporation.

This is Exhibit "M" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



Suite 1100, 225 - 6th Avenue S.W.
 Brookfield Place
 Calgary, Alberta
 Canada T2P 1N2
 T: 403.269.6900

February 17, 2023

DELIVERED VIA COURIER

Tool Shed Brewing Company Inc.
 9, 801-30 Street NE
 Calgary, AB T2A 5L7

Grace Kang
 D: 403.281.7553
 F: 403.269.9494
 djonasson@lawsonlundell.com

STRICTLY CONFIDENTIAL

Attention: Graham Sherman

To Graham Sherman:

RE: Obligations owing by Tool Shed Brewing Company Inc. ("Tool Shed") to Julianna Bourne and John Donovan (together, the "Lenders") pursuant to the Promissory Note dated May 26, 2022, as amended by Amendment to Promissory Note made July 29, 2022, as further amended by Second Amendment to Promissory Note dated effective September 1, 2022 (as amended, the "Promissory Note")

We are the solicitors for the Lenders in the above-captioned matter. All capitalized terms used but not given a definition in this letter have the meaning given to them in the Promissory Note.

We are instructed that the Promissory Note is in default by reason of Tool Shed's failure to pay the indebtedness due to the Lenders on the Repayment Date of December 31, 2022. Tool Shed's default under the Promissory Note entitles the Lenders to accelerate and declare the full amount under the Promissory Note to be immediately due and payable, which right our client hereby exercises.

On behalf of the Lenders, we hereby make demand upon Tool Shed for payment of the outstanding Principal and Arrangement Fee and costs (including legal fees on a solicitor and own client basis, in accordance with the terms of the Promissory Note), the particulars of which are as follows as of February 16, 2023:

Description	Amount Owing
Principal amount as of February 16, 2023	\$230,000.00
Arrangement fee	\$12,000.000
Legal fees incurred to date	\$2,682.00
Total:	\$244,682.00

We also note that, pursuant to the Promissory Note, to secure repayment of Tool Shed's obligations to the Lenders thereunder, Tool Shed granted the Lenders a security interest in all of Tool Shed's present and after-acquired personal property (the "Security").

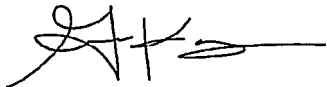
This letter is to advise Tool Shed that unless payment in the amount of \$244,682.00, together with any additional legal fees incurred after the date of this letter, is made on or before February 27, 2023, legal proceedings, which may include enforcement of the Security and/or the appointment of a Receiver, may be commenced against Tool Shed without further notice.

Pursuant to the provisions of the *Bankruptcy and Insolvency Act*, we enclose a notice of intention to enforce security in the prescribed form. Tool Shed may consent to early enforcement of the Security as indicated thereon, and return a copy to our office.

All inquiries and payments should be directed to the attention of the writer to ensure that due credit is given immediately to the account of Tool Shed.

Yours very truly,

LAWSON LUNDELL LLP



Grace Kang

GEK/frd

Encl. (1) Notice of Intent to Enforce Security

cc. Client

BANKRUPTCY AND INSOLVENCY ACT

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

[Subsection 244(1)]

TO: Tool Shed Brewing Company Inc. (the “Debtor”)

TAKE NOTICE THAT:

1. John Donovan and Julianna Bourne, secured creditors, intend to enforce their security on the property of the Debtor as described below:

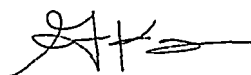
Promissory Note dated May 26, 2022, as amended by Amendment to Promissory Note made July 29, 2022, as further amended by Second Amendment to Promissory Note dated effective September 1, 2022

All present and after-acquired personal property of the Debtor.

2. The security that is to be enforced is in the form of the security interest granted under the Promissory Note, which was registered in the Alberta Personal Property Security Registry on July 28, 2022, under registration no. 22072829320
3. The total amount of indebtedness secured by the security is \$242,000.00 as at February 16, 2023, together with additional legal fees (on a solicitor and own client basis) accruing thereafter.
4. The secured creditors will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 17th day of February, 2023.

**JOHN DONOVAN and JULIANNA
BOURNE**



LAWSON LUNDELL LLP
Solicitors for John Donovan and
Julianna Bourne Inc.

The Debtor hereby consents to early enforcement of the security described in this notice.

DATED at _____, this _____ day of _____, 2023.

**TOOL SHED BREWING
COMPANY INC.**

Name:

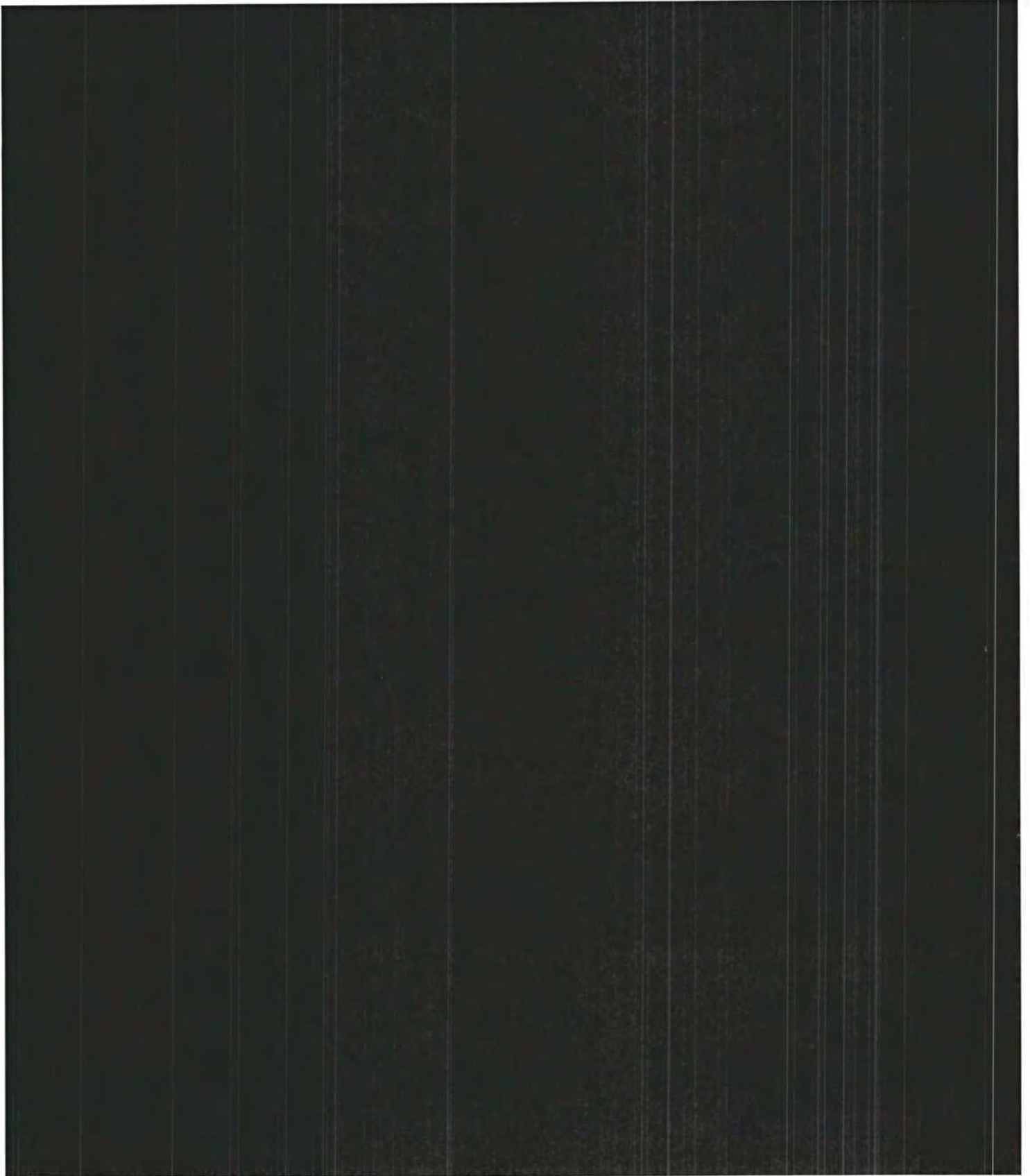
Title:

This is Exhibit "N" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



From: Adam Boyd <aboyd@2toyota.com>

Date: February 2, 2024 at 16:23:29 MST

To: James Costello <James@toolshed.beer>

Subject: Tundra lease #6998 return

You don't often get email from aboyd@toyota.com. [Learn why this is important](#)

To whom it may concern,

Please accept this email as confirmation that we have received the voluntary return of lease # 6998 on a 2023 Tundra (vin# 5TFJC5DB9PX019412).

Regards,



ADAM BOYD – General Manager

Tel 403-291-2111 Ext 3254

Direct 403-984-0628

STAMPEDE



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Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspectes.

This is Exhibit "O" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

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ALBERTA

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Tool Shed Brewing - Secured + Unsecured current balance

BBQ Trailer Loan			\$	20,000.00
30630 BDC Bank Loan 079835-05			\$	61,965.00
30640 CEBA Loan			\$	40,000.00
Dr. Jirka Slaby - Loans	Dr. Slaby	jirkasl@yahoo.com	\$	207,071.64
James Costello	James Costello	james@newglobeconsulting.com	\$	385,528.00
David Waldron	David Waldron	david@centralinsurancegroup.ca	\$	45,000.00
GRAHAM purchased Pioneer Entertainment	Graham Sherman	Graham@toolshed.beer	\$	169,820.56
Gord Appel	Gord Appel	gordappel@me.com	\$	35,000.00
Blaine Penny	Blaine Penny	blaine.penny@mitocanada.org	\$	59,560.79
Jesse Modzelewski	Jesse Modz	jesse@cjay92.com	\$	75,000.00
GRAHAM purchased Joe Jacobs	Graham Sherman	Graham@toolshed.beer	\$	116,602.73
Kevin Kent	Kevin Kent	kevin.kent003@gmail.com	\$	50,000.00
Nathan Hüdye	Nathan Hudye	nathan@smokerbroker.ca	\$	50,000.00
GRAHAM purchased DJ Fourchalk			\$	100,000.00
DJ Fourchalk	DJ Fourchalk	fourchd@shaw.ca	\$	262,190.30
Dave Dupuis	Dave Dupuis	geodeticconsulting@gmail.com	\$	100,000.00
Chris Cheng	Chris Cheng	Chris@draftkit.ca	\$	30,000.00
Mark Ryan	Mark Ryan	m.ryan@mcintoshperry.com	\$	50,000.00
Darryl Bourne	Darryl Bourne	darryl.bourne@rbc.com	\$	50,000.00
John Donovan	John Donovan	johndonovan@marchadvisory.com	\$	99,875.14
Alex Putici	Alex Putici	alex@putici.com	\$	56,000.00
Adil Hooda	Jason Carl	#N/A	\$	20,000.00
GRAHAM purchased Wayne Leung			\$	55,809.51
Shashi Behl	Shashi Behl	shashib@joydrop.ca	\$	102,383.00
Neil Lyons & Joe Jacobs	Joe Jacobs	joe@mortgageconnection.ca	\$	503,013.27
Jason Carl			\$	6,000.00
Unsecured balance			\$	2,750,819.94
Secured				
26000 Wayne Orr			\$	219,698.22
30711 John Donovan			\$	122,000.00
30712 Julianna Bourne			\$	122,075.91
Tom Taylor			\$	251,640.13
Secured balance			\$	715,414.26
Total Unsecured + Secured			\$	3,466,234.20

This is Exhibit "P" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



September 21, 2017

Sent via email

Tool Shed Brewing Company Inc.
9 & 10, 801 – 30th Street NE
Calgary, AB T2A 5L7

Attention: Jeff Orr

Dear Jeff:

Regarding: Lease Agreement dated September 21, 2017 (the "Lease") between York Realty Inc. (the "Landlord") and Tool Shed Brewing Company Inc. (the "Tenant") with respect to the premises located at 9, 10, & 11 801 – 30th Street NE, Calgary, Alberta (the "Leased Premises") as amended from time to time

Please find enclosed the Lease Agreement with respect to the above-mentioned Leased Premises. Following your review, please have **two (2) original signed copies** delivered to our office in addition to this letter signed in the area as indicated below. Upon receipt, we will countersign and return a fully executed copy of the Lease for your records. We will also forward a Rental Payment Schedule outlining the payment of Minimum Rent and Additional Rent as per the terms of the Lease.

Further to the terms under the Lease, the following shall also apply:

TENANT INDUCEMENTS:

Provided the Lease is fully executed, the Landlord has received the Security Deposit in full, and the Tenant has provided the Landlord with proof of satisfactory Tenant Insurance, the Landlord shall provide the following Tenant Inducements:

- 1. FREE RENT** The Landlord shall provide the Tenant with use of the Leased Premises free of Minimum Rent for a period of six (6) months (the "**Free Rent Periods**") over the Term as follows:

1. January 2018;
2. February 2018;
3. March 2018;
4. January 2023;
5. February 2023; and
6. March 2023.

Additional Rent, utilities, and any other fees or charges due under the Lease shall still apply during the Free Rent Periods.

LEASE AGREEMENT

This lease agreement (this "Lease") dated September 21, 2017.

BETWEEN:

YORK REALTY INC.

(the "Landlord")

1622, 10303 - Jasper Avenue

Edmonton, AB T5J 3N6

Tel: (780) 421-4000

Fax: (780) 426-7783

- and -

TOOL SHED BREWING COMPANY INC.

(the "Tenant")

9, 10, & 11, 801 – 30th Street NE

Calgary, AB T2A 5L7

Tel: (403) 775-1749

Fax: (888) 878-0344

IN CONSIDERATION of the rent and the covenants herein contained to be performed by the Landlord and the Tenant, the parties agree as follows:

1. LEASE

The Tenant leases from the Landlord and the Landlord leases to the Tenant the Leased Premises (as defined in Section 2 below), for the Term (as defined in Section 3 below) and upon the covenants, provisions and conditions of this Lease.

2. LEASED PREMISES

The Landlord is the registered owner of those lands legally described in Schedule "A" attached hereto (the "**Lands**"), together with the building constructed on the Lands (the "**Building**"). The Lands and the Building are collectively referred to herein as the "**Property**".

The "**Leased Premises**" shall mean that portion of the Building municipally known as 9, 10, & 11 801 – 30th Street NE, Calgary, Alberta and comprising **21,604 square feet**, more or less, (the "**Floor Area of the Leased Premises**") in the approximate location shown on Schedule "A" forming a part hereof.

3. TERM

To have and to hold the Leased Premises for a term (the "**Term**") of TEN (10) years from January 1, 2018 (the "**Commencement Date**") to December 31, 2027 (the "**Expiry Date**").

- d) the Tenant's Proportionate Share of the cost of cleaning, snow removal, litter removal, landscaping, servicing, maintaining, operating, repairing, replacing, supervising and policing the common areas of the Property (including the parking areas) and the costs of all supplies, labour, wages and fees relating thereto;
- e) the Tenant's Proportionate Share of depreciation or amortization of the costs of:
 - (i) operating maintaining, replacing, modifying and repairing the Building (including, without limitation, the exterior, roof and equipment of the Building);
 - (ii) providing, installing, modifying and upgrading energy conservation equipment and systems, life safety and emergency response systems, materials and procedures and telecommunication systems and equipment;
 - (iii) making alterations, replacements or additions to the Building intended to reduce the costs relating to operating the Building, improving the operation of the Building and the systems, facilities and equipment serving the Building, or maintaining their operation;

if such costs have not been charged fully in the fiscal year in which they are incurred, as determined in accordance with sound accounting principles or practices as applied by the Landlord;
- f) any value-added tax, business transfer tax, goods and services tax or similar multi-stage sales tax from time to time imposed by any governmental authority in Canada;
- g) an administration fee equal to fifteen (15%) percent of all Additional Rent payable by the Tenant pursuant to the terms of this Lease.

5.2 Operating Costs shall not include the following:

- a) the Landlord's debt service costs;
- b) Landlord's original cost of acquisition and construction of the Building and Leased Premises;
- c) any expenditures by the Landlord that under generally accepted accounting principles are properly considered capital expenditures and which are not specifically referred to above under section 5.1;
- d) any cost resulting from any hazardous or toxic substance being found in the Building or Lands (excepting where caused by Tenant);
- e) amounts collectible from other tenants in the Building or costs to lease or re-lease any premises in the Building; and
- f) charges for insurance of any other tenant or any increase in insurance rates required as a result of the nature of the business carried on by any other tenant;

5.3 The Landlord will estimate the monthly Additional Rent payable by the Tenant for the next

and diligent manner during the normal business hours and in accordance with rules and regulations designated or established by the Landlord from time to time.

8. OVERHOLDING

If the Tenant shall continue to occupy the Leased Premises after expiration of the Term, or any renewal thereof, without any further written agreement, the Tenant shall be a monthly tenant only at a monthly Rent equal to One Hundred Fifty Percent (150%) of the Rent payable in the last month of the Term and on all of the same terms and conditions as are herein contained excepting as to the termination date.

9. INTEREST AND LATE PAYMENT FEES

The Tenant shall pay to the Landlord interest on all monies and arrears at the rate of Twelve (12%) percent per annum calculated and compounded monthly not in advance.

For any Rent that is in arrears five (5) days or more, a fee of \$100.00 may be charged to the Tenant as Additional Rent for each month or months that the Rent is in arrears.

10. DEFAULT AND REMEDIES

In the event that:

- a) the Tenant fails to pay any Rent or any other amount owing under this Lease when due, whether or not demanded by the Landlord; or
- b) the Tenant defaults or fails to observe or perform any of its non-financial obligations under this Lease and the Tenant fails to rectify such default within Fifteen (15) days of receipt of written notice from the Landlord with respect thereto (unless such failure is not reasonably capable of being rectified within such Fifteen (15) day period, in which case the Tenant shall be in default if it fails to commence rectifying the default within such Fifteen (15) day period or fails to thereafter diligently pursue rectification to completion); or
- c) the Tenant makes a general assignment for the benefit of creditors, becomes bankrupt or insolvent, or takes the benefit of or becomes subject to any statute that may be in force relating to bankrupt or insolvent debtors; or
- d) any creditor seizes or takes control of the Tenant's property; or
- e) the Tenant abandons or threatens to abandon the Leased Premises;

the Landlord, immediately and without prior notice being required, and without in any way restricting any of its other rights or remedies, may:

- a) retain the Security Deposit and advance rent (if any) for its own use absolutely;
- b) terminate this Lease and re-enter into possession of the Leased Premises; and
- c) claim greater damages for breach of this Lease, in each of such cases without limiting any other rights or remedies available to the Landlord.

In addition to payment of the then current Rent, and without prejudice to the Landlord's right to claim greater damages, the Rent for the next ensuing three months shall immediately become

on a replacement cost basis on all of the Tenant's trade fixtures; Business Interruption Insurance; Tenant's Legal Liability Insurance (Broad Form); Boiler and Machinery Insurance (if applicable); Environmental Damage Insurance.

The Tenant's policies of insurance set out above shall contain the following:

- (a) provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of claim under such policies, and further that such policies shall not be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of any insured(s);
- (b) provisions that such policies and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by the Landlord, that any coverage carried by the Landlord may only be called upon on a difference in conditions or excess coverage basis, and that any such Landlord coverage shall inure to the sole benefit of the Landlord;
- (c) provisions that all of the Tenant's insurance as specified above shall provide for waiver of all insurer's rights of subrogation as against the Landlord and the Landlord's mortgagee and shall name the Landlord and the Landlord's mortgagee as an additional insured;
- (d) provisions that all policies of insurance carried by the Tenant shall not be cancelled or materially changed without the insurer or the Tenant providing the Landlord thirty (30) days written notice stating when such cancellation shall become effective.

The Tenant shall further during the whole of the Term, and any renewal thereof, maintain such other insurance in such amounts and in such sums as a Tenant acting reasonably shall purchase, or as the Landlord or the Landlord's mortgagees may reasonably determine from time to time. Evidence satisfactory to the Landlord of all such policies of insurance required to be obtained by the Tenant pursuant to this section shall be provided to the Landlord prior to the commencement of the Term, and the Tenant shall provide written evidence of the continuation of such policies not less than ten (10) days prior to their respective expiration dates, and, in the absence of said satisfactory evidence of such coverage being provided, the Landlord may, but will not be obligated to, provide for the purchase of such insurance, the cost of which will be borne exclusively by the Tenant.

For certainty, in the event of any damage to the Building, or any part thereof, caused by the negligence or wilful act of the Tenant or anyone for whom the Tenant is at law responsible, the Tenant's legal liability insurance will be required to cover all costs relating to such damage. In the event that any such damage exceeds the value of the Tenant's legal liability insurance coverage and the Landlord's insurance is required to cover the balance, the Tenant will be responsible for paying the Landlord's insurance deductible(s) relating to such damage and any increase in the Landlord's insurance premiums relating to such damage.

13. INDEMNIFICATION

The Tenant hereby indemnifies and holds the Landlord harmless from and against any and all claims, demands, liabilities, and expenses, including legal fees on a solicitor and his own client full indemnity basis, arising from the Tenant's use of the Leased Premises or from any act permitted,

Premises to a condition of good and substantial repair. If the Tenant does not remove any leasehold improvements, as required by the Landlord, or remove its furnishings, furniture, or equipment, the Landlord may, without liability on its part, without notice to the Tenant, enter the Leased Premises and remove such items at the Tenant's expense, plus an administration charge of fifteen (15%) percent of such amount, which will be paid by the Tenant to the Landlord as Additional Rent, on demand.

(e) At its sole cost, the Tenant shall undertake and complete all necessary repairs or replacements required to the Leased Premises, or the Property, as a result of damage occasioned to the Leased Premises, or the Property, by virtue of any break-in or attempted break-in to the Leased Premises.

(f) The Tenant agrees to obtain the prior written approval of the Landlord prior to any work being completed in the Leased Premises.

15. SIGNAGE

The Tenant shall not erect, affix, install or maintain any signs, lettering, identification or any promotional or other written materials on the exterior of the Leased Premises, or within the Leased Premises if visible from the exterior of the Leased Premises, without the prior written approval of the Landlord, such approval not to be unreasonably withheld, and such signage must comply with building standards and with all municipal requirements.

16. REGISTRATION AND ESTOPPEL CERTIFICATE

(a) The Tenant shall have the right to register a caveat respecting this Lease but not disclosing the Rent or other monetary provisions in the appropriate Land Titles Office but shall not be entitled to file or register this Lease. If the Tenant registers a caveat, the Tenant shall forthwith upon the request of the Landlord execute and deliver to the Landlord such partial discharges, consents and plans as may be requested by the Landlord from time to time. If requested by the Landlord, the Tenant will sign, within five (5) days of a request to do so by the Landlord, the "Tenant's Estoppel Certificate" in the form, or similar form, as set forth in Schedule "B".

(b) The Tenant shall not under any circumstances permit any lien, writ, caveat, encumbrance or other charge (except for a lease caveat as set out in Section 16(a) above) to be filed against the title to the Leased Premises or the Lands and in the event of the filing of such lien, writ, caveat, encumbrance or other charge, the Tenant shall forthwith, at the Tenant's sole cost and expense, cause the same to be discharged from the title at the land titles office immediately upon demand to do so by the Landlord.

17. ALTERATIONS TO LEASED PREMISES

Excepting the Landlord's obligation to carry out any Landlord's Work, the Tenant acknowledges that the Leased Premises are accepted "as is where is" and all improvements are the responsibility of the Tenant.

20. UNAVOIDABLE DELAY

In the event the Landlord is delayed in performance of its obligations hereunder by reason of causes beyond its control ("**Unavoidable Delay**"), the time for performance shall be extended accordingly. If the Landlord has any obligation to complete Tenant improvements, it shall not be responsible for any delay in construction due to Unavoidable Delay.

21. ENVIRONMENTAL WARRANTY

The Tenant is liable to the Landlord for the release of any hazardous materials, substances, contaminants, pollutants, toxic gases or wastes (hereinafter referred to as "**Pollutants**") which were caused by the Tenant or anyone for whom the Tenant is at law responsible either prior to, on, or following the commencement of the Term which occurs on the Leased Premises and or the Property, and which might impair the quality of air, land or water, affect human health, or damage any plant, animal life, land, building or structure or which is otherwise in contravention of any environmental law. The Tenant covenants and agrees to ensure that all uses and activities on the Leased Premises are in compliance with all current and all future federal, provincial and municipal laws and regulations, and/or any permits or authorizations granted thereunder. Without limiting the generality of the foregoing, the Tenant shall ensure compliance with all federal, provincial and municipal environmental, health and safety laws. Any breaches of environmental or health and safety laws, past, present or future, and any breaches of the Tenant's covenants herein, shall be resolved expeditiously by the Tenant to the Landlord's satisfaction. If the Tenant fails to resolve such breaches to the Landlord's satisfaction, the Landlord may rectify such breaches in its sole option. All expenses incurred by the Landlord, including legal expenses on a solicitor and his own client full indemnity basis and the costs of environmental tests, audits, reviews, remediation and an administration fee in the amount of fifteen (15%) percent of the aggregate of all such costs, shall be paid by the Tenant forthwith on demand and shall be collectible by the Landlord from the Tenant as Additional Rent. It is understood and agreed that the Landlord and/or its agent(s), including consultants, have the ongoing right to enter upon the Leased Premises, from time to time, so that it may carry out such environmental tests, audits and reviews as the Landlord considers necessary.

The Tenant shall promptly notify the Landlord in writing of any release of any Pollutants or any other occurrence or condition at the Leased Premises which could contaminate the Leased Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations or proceedings under any federal, provincial and municipal environmental, health and safety laws.

On the expiry or earlier termination of this Lease or at any time if required by any governmental authority pursuant to any federal, provincial and municipal environmental, health and safety laws, the Tenant shall remove from the Leased Premises all Pollutants released by the Tenant or any person for whom the Tenant is responsible for at law before or after the commencement of the Term, and the Tenant shall remediate any contamination of the Leased Premises or any adjacent properties or roads resulting from Pollutants, in either case, brought onto, used or released from the Leased Premises by the Tenant or any person for whom it is in law responsible before the commencement of the Term or during the Term of this Lease. The Tenant shall use a qualified environmental consultant to perform the remediation. The Tenant shall, at its own cost, obtain such approvals and certificates in respect of the remediation as are required under

relating to any leasehold improvements in the Leased Premises and if the Leased Premises have not been damaged or destroyed, the terms of Section 14 shall apply in relation to the delivery or removal of the leasehold improvements, in the Landlord's discretion.

24. REPRESENTATIONS

There are no representations or warranties made by the Landlord in any way related to this Lease, except those set forth herein.

25. GOVERNING LAWS

This Lease and any rules and regulations adopted hereunder shall be governed by the laws of the Province of Alberta.

26. ATTACHMENTS

The attached Schedules "A", "B", and "C", special clauses, riders and appendices (if any) are all included and form part of this Lease. All of the terms and provisions contained in Schedule "C" shall be read in conjunction with the provisions of this Lease; however in the event of any conflict between the terms of this Lease and anything set out in Schedule "C", the terms and conditions in Schedule "C" shall prevail and supersede such conflicting provisions in this Lease only to the extent of such conflict.

27. QUIET ENJOYMENT

Provided the Tenant duly, regularly, and punctually makes all payments of Rent and any other payments required to be made and paid under this Lease and has not defaulted and is not in default under any of the terms of this Lease, the Tenant shall and may peaceably possess and enjoy the Leased Premises for the Term without any interruption or disturbance from the Landlord.

28. SALE BY LANDLORD

Should the Landlord convey or assign its interest in the Leased Premises or otherwise divest itself of its interest in the Leased Premises it shall be relieved of all obligations under this Lease.

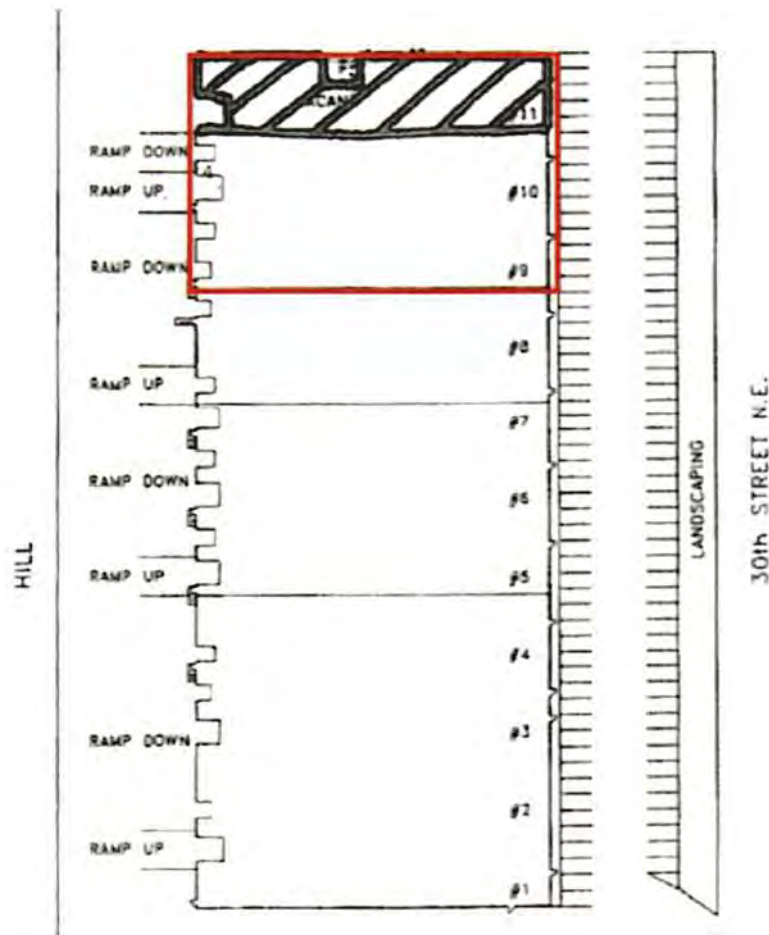
29. TIME OF THE ESSENCE

Time shall be of the essence of this Lease, save as herein otherwise specified.

-Execution Page Follows-

SCHEDULE "A"**LEGAL DESCRIPTION OF LANDS AND PLAN OF PREMISES**

Plan 7710146, Block 13, Lot 5, 6, 7, 8

FRANKLIN INDUSTRIAL PARK
801 30TH STREET N.E.

SCHEDULE "C"
ADDITIONAL CLAUSES

a) **PREVIOUS LEASE**

The Landlord and the Tenant acknowledge that upon full execution of this Lease and upon occupancy of the Leased Premises, this Lease shall replace the lease dated March 18, 2014 (the "Previous Lease"). Upon the Commencement Date of the Lease, the Tenant and the Landlord agree that the Original Lease shall be terminated and both parties relieved of all obligations thereunder excepting any ongoing obligations that survive the expiry of the Original Lease or sooner termination thereof.

b) **FIXTURING PERIOD**

Provided the Lease is fully executed and the Tenant has provided the Landlord with satisfactory Tenant Insurance for the Leased Premises, the Landlord permit the Tenant occupancy of Bay 11 of the Leased Premises for the purposes of fixturing and operation for the period of November 1, 2017 to December 31, 2017 (the "**Fixturing Period**"). During the Fixturing Period, the Tenant shall be bound by all terms of the Lease including the obligation to pay all applicable utilities and other charges due under the Lease with the exception of the obligation to pay Minimum Rent and Additional Rent.

c) **LANDLORD'S WORK**

Upon full execution of the Lease, the Landlord shall complete the following work (the "**Landlord's Work**") in the Leased Premises at its sole cost and expense, and using the contractor of its choice:

- i. Ensure that the Tenant's existing make-up air unit is suitable for the Leased Premises. If the current make-up air unit is not sufficient, the Landlord will install a new HVAC system that is suitable for the Tenant's operations;
- ii. Install an 18'x18' concrete pad at the rear of Bay 10 which will be used to store brewing equipment;
- iii. Create a 10'x10' opening in the demising wall between Bay 10 and Bay 11. The exact location of the wall opening and the timing of the work to be completed in this subparagraph (iii.) to be mutually agreed upon by the Landlord and the Tenant, both parties acting reasonably;
- iv. Repaint the office walls only of Bay 11;

THIS SECOND LEASE AMENDING AGREEMENT made effective June 15, 2020 (the "Agreement").

BETWEEN:

YORK REALTY INC.

(hereinafter called the "**Landlord**")
1622, 10303 Jasper Avenue
Edmonton, AB T5J 3N6

-and-

TOOL SHED BREWING COMPANY INC.

o/a "**Tool Shed Brewing**"
(hereinafter called the "**Tenant**")
Units 9 & 10, 801 – 30th Street NE
Calgary, AB T2A 5L7

WHEREAS by a lease dated September 21, 2017 (the "**Original Lease**"), and a lease amending agreement dated January 9, 2020 (the "**First Amending Agreement**") the Landlord leased to the Tenant a portion of the premises municipally described as Units 9, 10 & 11, 801 – 30 Street NE, Calgary, AB (the "**Leased Premises**") and legally described as Plan 7710146, Block 13, Lots 5, 6, 7 & 8 (the "**Property**"), which Leased Premises contained Twenty-One Thousand Six Hundred Four (21,604) square feet, more or less, (the "**Floor Area of the Leased Premises**"), for a Term expiring on December 31, 2027, on the terms more particularly set out in the Original Lease.

AND WHEREAS effective July 1, 2020 the parties have now agreed to amend the Original Lease on the terms and conditions set-out below (the "**Effective Date**").

AND WHEREAS The Original Lease, First Amending Agreement and this Second Amending Agreement are hereafter collectively referred to as (the "**Lease**").

NOW THEREFORE in consideration of the Leased Premises and the mutual covenants, agreements and conditions herein contained, the parties agree as follows:

GENERAL

1. The recitals and schedules are incorporated into and form a part hereof.
2. All words and expressions used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, will have the same meaning ascribed to them in the Original Lease.

LEASED PREMISES

3. Upon the Effective Date, Section 2 of the Original Lease is hereby deleted in its entirety and replaced with the following:

"The Landlord is the registered owner of those lands legally described in Schedule "A" attached hereto (the "**Lands**"), together with the building constructed on the Lands (the "**Building**"). The Lands and the Building are collectively referred to herein as (the "**Property**").

The "**Leased Premises**" shall mean that portion of the Building municipally known as Units 9 & 10, 801 – 30 Street NE, Calgary, AB, and comprising Fourteen Thousand Three Hundred Fifty-Nine (14,359) square feet, more or less, (the "**Floor Area of the Leased Premises**"), in the approximately location shown on Schedule "A" forming a part hereof."

BASIC RENT

4. Upon the Effective Date, Section 3 of the Original Lease is hereby deleted in its entirety and replaced with the following:

in equal consecutive monthly instalments of Seventeen Thousand One Hundred Three dollars and Seventeen cents (\$17,103.17), based upon an annual rate of Nine dollars and Fifty cents (\$9.50) per square foot, based upon an area of Twenty-One Thousand Six Hundred Four (21,604) square feet, more or less.

For the period from January 1, 2020 to and including April 30, 2020, (the "**Abatement Period**"), payable in advance in equal, consecutive monthly instalments of Eight Thousand Five Hundred Fifty-One dollars and Fifty-Nine cents (\$8,551.59) (the "**Abated Basic Rent**"), based upon an area of Twenty-One Thousand Six Hundred Four (21,604) square feet, more or less .

For the period from May 1, 2020 to and including June 30, 2020, (the "**Repayment Period**"), payable in advance in equal, consecutive monthly installments of Twenty-One Thousand Three Hundred Seventy-Eight dollars and Ninety-Six cents (\$21,378.96) (the "**Repayment Basic Rent**"), based upon an area of Twenty-One Thousand Six Hundred Four (21,604) square feet, more or less.

For the period from July 1, 2020 to and including December 31, 2027, the annual sum of One Hundred Forty-Three Thousand Five Hundred Ninety dollars (\$143,590.00), payable in equal consecutive monthly instalments of Eleven Thousand Nine Hundred Sixty-Five dollars and Eighty-Three cents (\$11,965.83), based upon an annual rate of Ten dollars (\$10.00) per square foot on the Floor Area of the Leased Premises, as such is amended herein.

The Abated Basic Rent and Repayment Basic Rent are hereinafter collectively (the "**Basic Rent**"). All amounts herein are exclusive of GST. The Tenant will continue to pay Operating Costs and Additional Rent throughout the Term."

SECURITY DEPOSIT

5. The Security Deposit existing on file of Forty-Six Thousand Five Hundred Forty dollars and Seventy-One cents (\$46,540.71), (the "**Security Deposit**") which Security Deposit will continue to be held by the Landlord during the entirety of the Term for security of the performance of the Tenant under the terms of the Lease.

REPAYMENT OF ARREARS

6. The parties hereto acknowledge and agree upon the following facts:
 - (i) Tenant has arrears owing to the Landlord in the sum of Fifty-Four Thousand Nine Hundred Fourteen dollars and Fifty-Nine cents (\$54,914.59), exclusive of GST, (the "**Current Arrears**").
 - (ii) Landlord acknowledges receipt of a payment from the Tenant in the sum of Twenty-Seven Thousand dollars (\$27,000.00) to be applied towards the balance owing on Current Arrears (the "**Arrears Payment**");
 - (iii) Upon application of the Arrears Payment, the outstanding balance of Current Arrears will be the sum of Twenty-Seven Thousand Nine Hundred Fourteen dollars and Fifty-Nine cents (\$27,914.59), inclusive of GST, (the "**Arrears Balance**"); and
 - (iv) Tenant agrees to repay to the Landlord the Arrears Balance in the equal monthly instalments of Two Thousand Three Hundred Twenty-Six dollars and Twenty-Two cents (\$2,326.22), inclusive of GST, (the "**Arrears Repayment**"), which Arrears Repayment shall commence on November 1, 2020 (the "**Arrears Repayment Commencement Date**") and shall expire on October 31, 2021 (the "**Arrears Repayment Expiry Date**"). On or before the Arrears Repayment Commencement Date, the Tenant will provide the Landlord with a series of consecutive post-dated cheques for the first (1st) day of each month, each in the amount of the Arrears Repayment defined herein.

The Current Arrears, Arrears Payment, Arrears Balance, and Arrears Repayment are hereinafter collectively (the "**Arrears**").

7. Except where hereby amended, the parties hereto confirm and ratify all provisions of the Original Lease. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in electronic or original form and the parties adopt any signatures received electronically as original signatures of the parties.

NOTICES

8. All notices which may be given under the provisions of this Agreement will be in writing and will be sufficiently given if sent by mail or personally delivered to a party (a "**Notice**"), as follows:

To the Landlord at:
York Realty Inc.
1622 – 10303 Jasper Avenue NW
Edmonton, AB T5J 3N6

Attention: Chief Operating Officer

To the Tenant at:
Tool Shed Brewing Company Inc.
Units 9 & 10, 801 – 30 Street NE
Calgary, AB T2A 5L7

Attention: Graham Sherman

or to such other address or email as the parties may direct in writing. Notice will be deemed to have been received immediately when hand delivered or transmitted via email, or if mailed, upon the Fifth (5th) business day following the date the Notice is mailed.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written by their duly authorized officers.

YORK REALTY INC.
(Landlord)

Per: _____
Name:
Title:

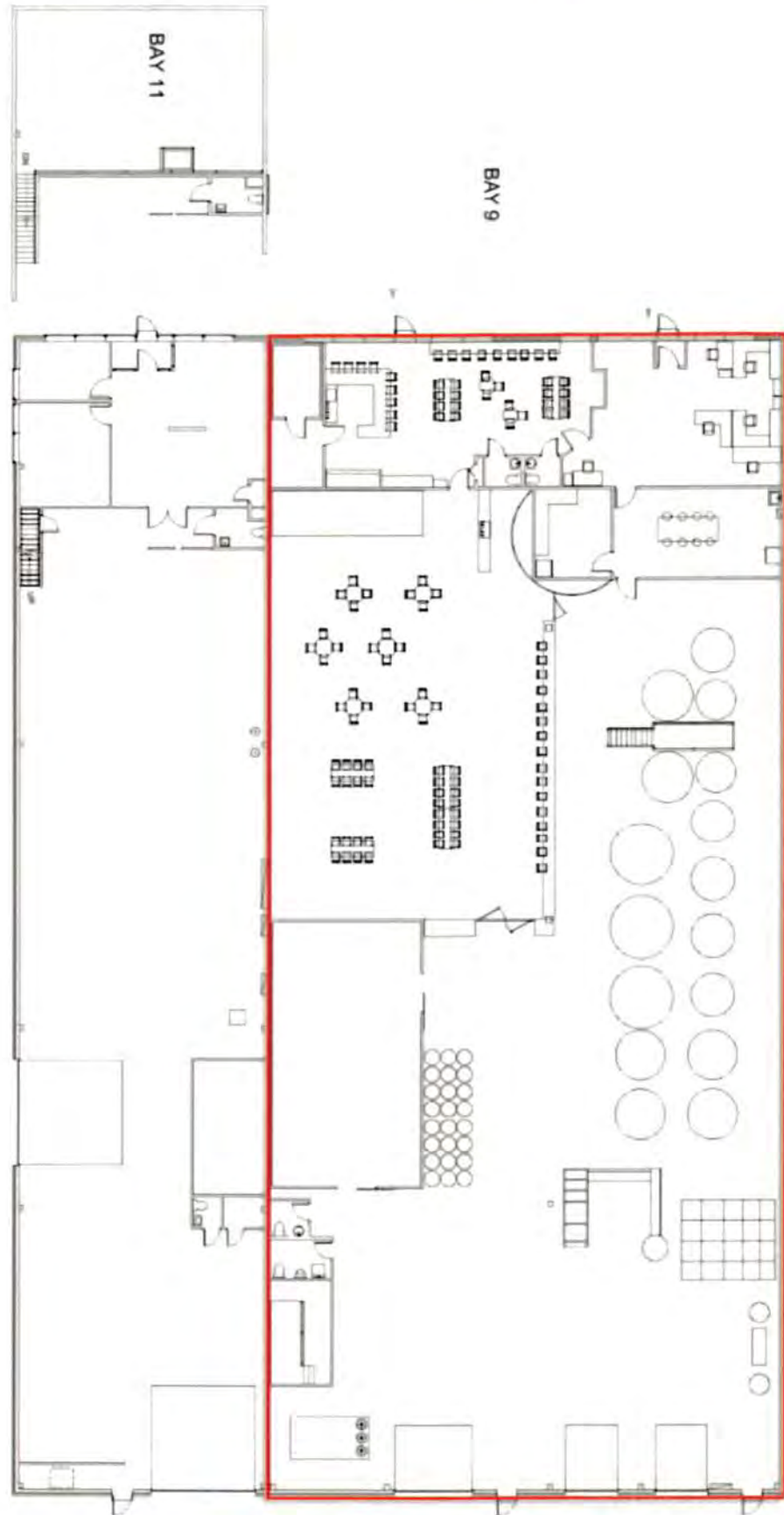
I have authority to bind the corporation

TOOL SHED BREWING COMPANY INC.
(Tenant)

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation



This is Exhibit "Q" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

From: Insolvency Insider <editor@insolvencyinsider.ca>
Sent: Tuesday, May 23, 2023 5:01 AM
To: Hosking, Bryan A.
Subject: [****EXT****] Bridging owners sued; Tech company makes comeback



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RECENT FILING

- **Woodlore International Inc. and Ébénisterie St-Urbain Ltée**, family businesses specializing in the manufacture, sale and distribution of kitchen and bathroom cabinets and office furniture, obtained CCAA protection on May 12. Despite strong growth over the years, **Ébénisterie St-Urbain** has encountered liquidity problems in recent months, mainly due to a significant temporary reduction in orders from its main customers, including **RONA**, **Réno-Dépôt** and **Lowe's Canada**. In addition, the acquisition of **Woodlore** put considerable pressure on the companies' liquidity, due in part to a major lawsuit instituted by one of **Woodlore's** largest historical clients, which was initiated three months after the acquisition. On May 10, the companies' lender, **HSBC**, blocked the electronic funds transfers by which the companies pay all suppliers and all of their 341 employees. Despite these temporary issues, the companies are currently experiencing an impressive volume of orders and have a well-stocked backlog. They are confident that an operational restructuring will enable a successful recovery and ensure profitable growth for the benefit of all their stakeholders. **Raymond Chabot** has been appointed Monitor, represented by **Stikeman Elliot. McCarthy Tétrault** is counsel for the companies, **Davies** is counsel for **HSBC**, **Norton Rose Fulbright** is counsel for **Fiera Capital**, **Lavery** is counsel for **IQ**, **Miller**

Thomson and **Blaney McMurtry** are counsel for **BDC**, and **Langlois** and **Minden Gross** are counsel for **William James Phillips, Sr.** and **William James Phillips, Jr.**

- **Capcium inc.**, a pharmaceutical company in Pointe-Claire, Québec, and its subsidiary, **Gelcan Corporation**, a pharmaceutical-grade manufacturer of softgel capsules, obtained CCAA protection on May 19, on application by **HSBC**. **Raymond Chabot** has been appointed Monitor, represented by **McCarthy Tétrault**. **Miller Thomson** is counsel for **HSBC**.



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Bentham IMF has now adopted the name Omni Bridgeway omnibridgeway.com

- **Scotch & Soda Canada Inc.** and **Scotch & Soda Retail Canada Inc.**, fashion retailers with four retail locations and one wholesale location across Canada, each filed an NOI on May 8. The companies' Dutch parent filed for bankruptcy in the Netherlands in March. Later that month, **Bluestar Alliance**, a New York-based brand management company, announced its acquisition of the brand, which will allow for the continuation of the brand and its products across key markets. Since the date the Netherlands proceedings commenced, the viability of the companies has been uncertain. The companies cannot operate without the intellectual property acquired by **Bluestar** and **Bluestar** has advised that, outside of the NOI process, the companies cannot continue to use the intellectual property. **KSV** is the Proposal Trustee, represented by **DLA Piper**. **Cassels** is counsel for the companies, and **Torys** is counsel for **Cadillac Fairview**.
-

- **Woodbine Mall Holdings Inc. et al.**, Ontario companies under common ownership that own various properties across Ontario, including **Woodbine Mall** and **Rexdale Mall**, were placed in receivership on May 2, on application by **Romspen Investment Corporation**, owed approximately \$333.3 million. **EY** was appointed Receiver, represented by **Blaney McMurtry**. **Dickinson Wright** is counsel for **Romspen**, **Fasken** is counsel for **First Commercial Bank**, **Himelfarb Proszanski** is counsel for the companies, **Syed, Ellison and Viraney Law** is counsel for **Fieler Investments and Services**, **Lenczner Slaght** is counsel for **Nicefaro Enterprises** and **Stikeman Elliott** is counsel for **HBC**.



- **Neptune Security Services Inc.**, a Québec-based private security firm that has secured hundreds of millions of dollars in public contracts, including with the **Royal Canadian Mounted Police** and the **Sûreté du Québec**, Québec's provincial police force, was placed in receivership on May 18, on application by **TD Bank**. The company has recently made headlines for being under investigation by the **Autorité des marchés publics**, the agency that oversees public contracts in Québec, for questionable business practices and allegedly being headed by a man with a double identity. The investigation ultimately led to a five-year ban on public contracts in Québec. **msi Spergel inc.** was appointed Receiver. **Blaney McMurtry** is counsel for **TD Bank**. **Manis Law** is counsel for the company.

- **Ideal Image Group of Canada Inc.**, a leading US medspa, partnering clients with a team of skin, face and body specialists and medical experts, filed an assignment in bankruptcy on May 4. The company, which had 4 locations in BC, was incurring ongoing losses and decided to shut down its Canadian operations. **B. Riley Farber** is the Bankruptcy Trustee, represented by **MLT Aikins**.

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-
- the distribution to be received by creditors of defunct crypto company **QuadrigaCX**; and
-

- the approval of a previously rejected RVO in the NOI proceedings of **PaySlate**.
-

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ASSETS FOR SALE

- **COLDWELL BANKER COMMERCIAL INTEGRITY** are selling several land parcels on behalf of **PILLAR CAPITAL CORPORATION** under power of sale: 404 acres of Industrial land comprised of two separate land parcels of 241 Acres and 163 acres (approximately 382 developable acres). Located in Port Colborne, ON flanked by the Welland Shipping Canal and CN rail lines with multiple zoning designations that allow for many industrial uses including but not limited to outside storage, transportation depot and warehousing. The lands offer an opportunity to build a large scale Industrial park in the Niagara Region. For more information please click [HERE](#). Contact the listing team for any questions, contact info can be found at www.teamcb.com.
-
- **MNP Ltd.** in its capacity as Receiver of **The Lighthouse Supported Living Inc.** (the "Company") is soliciting offers to purchase the Company's assets in relation to the operations of Blue Mountain Adventure Park. The property is an outdoor recreational facility located approximately 30 minutes north east of North Battleford, Saskatchewan. **Deadline to submit offers to purchase is set for**

June 23rd, 2023. In order to obtain additional information, please contact Maha Shah by email at maha.shah@mnp.ca or by telephone at (780)-733-8685.

- **EY**, in its capacity as CCAA monitor of the **JW Carr Group**, is seeking offers for certain of the group's businesses or assets, including office and industrial buildings, commercial and residential land and residential condos and dwellings located in Grande Prairie, Edmonton and other cities across Alberta. **The Phase I bid deadline is 5pm (Edmonton time) on June 5, 2023.** Further details can be found [HERE](#).
-

- **Crowe MacKay & Company Ltd.**, in its capacity as trustee in bankruptcy of **Advanced Quality Systems Inc.** ("ADQ") is selling the trustee's right, title and interest in the intellectual property of ADQ including: A Cloud Based Software as a Service (SAAS) system for testing and management for quality control (QC) image analysis, documentation and workflow processes for radiology CT, MR and Mammography scanners in full compliance with American ACR and Canadian CAP requirements, as well as various scanner vendor specific requirements. For further information, or to obtain a bid package, please contact Tetsu Takagaki at 604 697 5298, or at Tetsu.takagaki@crowemackay.ca. **Please note that the deadline for submission of bids is 5pm (Pacific) on June 6, 2023.**
-

Tool Shed Brewing Company Inc., represented by **James Reid** of **Miller Thomson LLP** and assisted by **Derek Church** of **B. Riley Farber**, is soliciting interest for a refinancing and/or equity partnership that will provide **Tool Shed** with the financial stability to continue to grow its brand and operations across Canada. Further details can be found [HERE](#).

Alvarez & Marsal, in its capacity as CCAA monitor of **Manitoba Clinic Medical Corporation** and the **Manitoba Clinic Holdings Co. Ltd.**, is conducting a **SISP** to solicit interest in and opportunities for a sale of, or investment in, all or part of the companies' assets and business operations. Non-binding letters of intent must be submitted no later than **5:00 CST on June 9, 2023**. Further details can be found [HERE](#).

Deloitte Restructuring Inc. ("**Deloitte**") in its capacity as Receiver of **Meridien Atlantic Fishing Ltd.**, **Rocky Coast Seafoods Ltd.** and **9514228 Canada Inc.** (Collectively the "**Meridien Group**") is launching a Court-approved sale and investment solicitation process ("**SISP**") for the purpose of soliciting proposals to purchase some or all of the **Meridien Group's** assets. Deloitte has engaged **TriNav Marine Brokerage Inc.** and **TriNav Realty** (collectively, "**TriNav**") as sales agent ("**Sales**



Do you want to help one of Canada's pioneer breweries take craft beer and non-alcoholic beer to the next level?

Tool Shed Brewing Company Inc. is soliciting interest for a refinancing and/or equity partnership that will provide Tool Shed with the financial stability to continue to grow its brand and operations across Canada.

Tool Shed is an instrumental brewery in helping change provincial laws allowing for Alberta's craft beer boom. It is in its 11th year of business and continues to regularly win awards for its beer, its BBQ, and is once again listed as one of Calgary's top breweries in 2022 by Craft Beer Guide.

In 2023 alone, Tool Shed has secured new sales contracts with several large retailers, restaurant chains, and even a coveted distribution throughout BC's government liquor stores, making Tool Shed now available in 5 provinces and territories. Tool Shed has seen a 5x year over year growth in its new state of the art non-alcoholic products, which is the fastest growing beverage market in the world.

Tool Shed is represented by James Reid of Miller Thomson LLP and is assisted by Derek Church of B. Riley Farber in its solicitation process. Investors interested in the opportunity are to contact Graham Sherman at opportunity@toolshed.beer.

This is Exhibit "R" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

From: Graham Sherman <opportunity@toolshed.beer>
Sent: Monday, May 1, 2023 7:26 PM
To: Reid, James
Subject: **[**EXT**]** Tool Shed Brewing Company Investment Opportunity



**WE NEED YOUR HELP TO
ELEVATE ONE OF CANADA'S
PIONEER CRAFT BREWERIES
TO THE NEXT LEVEL**

Do you want to help one of Canada's pioneer breweries take craft beer and non-alcoholic beer to the next level?

Tool Shed Brewing Company Inc. is soliciting interest for a refinancing and/or equity partnership that will provide Tool Shed with the financial stability to continue to grow its brand and operations across Canada.

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Tool Shed is represented by James Reid of Miller Thomson LLP and is assisted by Derek Church of B. Riley Farber in its solicitation process. Investors interested in the opportunity are to contact Graham Sherman via email at opportunity@toolshed.beer to request NDA.

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Our mailing address is:

Tool Shed Brewing Company
801 30 St NE
Calgary, AB T2A 5L7
Canada

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This is Exhibit "S" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

Four Horsemen Ventures
Inc. 1235 26 Avenue SE
Suite 205
Calgary AB, T2G 1R7

Tool Shed Brewing Company Inc.
801 30 St NE #9
Calgary, AB T2A 5L7

Attention: Board of Directors

July 26, 2023

Subject: Offer to Purchase Tool Shed Brewing Company Inc. ("**Tool Shed**" or the "**Company**")
by Four Horsemen Ventures (the "**Purchaser**")

Dear Sirs,

This non-binding letter of intent ("**LOI**") outlines the proposed terms and conditions upon which Four Horsemen Ventures Inc. (the "**Purchaser**") is interested in subscribing for and acquiring a 90% equity interest in the Company, which interest shall include all the Voting Shares (as defined below) of the company (the "**Proposed Transaction**"). The Proposed Transaction shall include the following steps:

1. **Conversion of current voting shareholders.** All shareholders of the Company currently holding Class "A" Common Voting Shares ("**Voting Shares**") shall agree to exchange such Voting Shares for Class "B" Non-Voting Shares ("**Non-Voting Shares**") on a 1:1 basis. Such exchange will be completed in a tax efficient manner to the extent reasonably practical on the advice of Company's counsel.
2. **Conversion of unsecured creditors.** In exchange for full and final release of all debts owed to them by the Company all unsecured lenders of the Company (excluding accounts payable) will be issued Non-Voting Shares in the Company. The conversion of unsecured debt will be based on the ratio of unsecured debt so converted to total equity capital invested capital to date. Such conversion will be completed in a tax efficient manner to the extent reasonably practical on the advice of Company's counsel. The total unsecured debt converted, along with existing equity, will represent 10.00% ownership of the Company, which ownership will be held in Non-Voting Shares. It is estimated based on current values available to the Purchaser that upon the closing of the Proposed Transaction unsecured creditors will hold approximately 7% of the total shares of the Company and the current shareholders of the Company (being both the current Voting and Non-Voting shareholders) will hold 3%.
3. **Subscription for Shares:** Purchaser and/or an affiliate of Purchaser will subscribe for and be issued Voting Shares in the Company in exchange for a cash payment of \$879,382.25 (the "**Purchase Price**"). The Voting Shares issued to the Purchaser will equate to a 90% equity interest in the Company. A pro-forma cap table is attached as Schedule A hereto.
4. **Indicative Value:** Presuming the results of further due diligence by Purchaser is consistent with diligence completed to date, Purchaser anticipates a fully diluted post-

money valuation of \$1,500,000.00 based on information sent over and currently known for Tool Shed and affiliated brands and businesses.

5. **Use of Purchase Price:** The Purchase Price proceeds shall be used as follows: (i) approximately \$600,000 shall be used to pay all amounts owed by the Company to the Canada Revenue Agency and (ii) the remaining amount shall be used to retire all debts owed by the Company to its secured creditors as set out below. The payments to be made to secured creditors represents a compromise payment of approximately \$0.40 for each \$1.00 of secured debt owed.

Sources	\$CAD	Uses	(\$CAD)
Cash Payment from subscription by Purchaser	\$879,382.25	Canada Revenue Agency (approx)	600,000.00
		Tom Taylor \$234,893.55	93,957.42
		Wayne Orr \$219,486.17	87,794.47
		John Donovan \$122,000.00	48,800.00
		Julianna Bourne \$122,075.91	48,830.36
		*note – approximate as current info not available	
Total Sources	\$879,382.25	Total Uses	\$879,382.25

6. **Definitive Agreements:** The Purchaser, the Company, the shareholder of the Company, and the creditors of the company shall endeavor to incorporate the terms and conditions expressed in this letter in mutually acceptable definitive agreements (the "**Definitive Agreements**"). The Definitive Agreements will contain substantially the terms set forth in this LOI and will provide for the Purchaser, the Company, the shareholders and the creditors to make such representations, warranties, covenants and indemnities, as are customary in similar transactions of the type and size of the Proposed Transaction.
7. **Diligence:** The Proposed Transaction is subject to the Purchaser's completion of due diligence, including commercial, financial, technical, legal and other due diligence which is customary to a transaction of this nature. Purchaser anticipates completing its due diligence by August 30, 2023, and Company shall provide additional documentation and to facilitate site visits to Tool Shed facility as requested by Purchaser.

8. **Closing Conditions:**

The closing of the Proposed Transaction is subject to the following:

- (a) The Canada Revenue Agency (CRA) debt, estimated to be \$600,000.00 will be paid out first, prior to any other secured creditor.
- (b) The shareholders of the Company holding Voting Shares shall have agreed to the exchange as set out in section 1.
- (c) The unsecured creditors shall have agreed to accept the conversion of their debt for Non-Voting Shares as described in section 2.

- (d) John Donovan Agreement: John Donovan, having a security interest in Tool Shed pursuant to a security agreement with an outstanding balance of approximately \$122,075.91 with total loans to the Company of \$221,875.14 (exact balance TBC) (the “**Donovan Debt**”), shall agree to accept payment of \$48,800.00 for all outstanding secured and unsecured debts owed by Tool Shed and will provide a full and unconditional release.
- (e) Juliana Bourne Agreement: Juliana Bourne, having a security interest in Tool Shed pursuant to a security agreement with an outstanding balance of approximately \$122,075.91 (exact balance TBC) (the “**Bourne Debt**”), shall agree to accept payment of \$48,830.36 for all outstanding debts owed by Tool Shed and will provide a full and unconditional release.
- (f) Wayne Orr Agreement: Wayne Orr, having a security interest in Tool Shed pursuant to a security agreement with an outstanding balance of approximately \$219,486.17 (exact balance TBC) (the “**Orr Debt**”), shall agree to accept payment of \$87,794.47 for all outstanding debts owed by Tool Shed and Graham Sherman and will provide a full and unconditional release.
- (g) Tom Taylor Agreement: Tom Taylor, having a security interest in Tool Shed pursuant to a security agreement with an outstanding balance of approximately \$234,893.55 (exact balance TBC) (the “**Taylor Debt**”), shall agree to accept payment of \$93,957.42 for all outstanding debts owed by Tool Shed and will provide a full and unconditional release.
- (h) James Costello Agreements: Tool Shed and James Costello shall reach an agreement with respect to the amounts owed to James Costello by the Company, estimated to be \$350,709.00 (the “**Costello Debt**”) and James Costello shall be presented with a letter of acknowledgement and confirmation of the Costello Debt by a director of Tool Shed in writing.
- (i) Debts and other Payables: Company to provide a representation in the Definitive Agreements that, as of the Closing Date, there are no other outstanding debts or liens other than those listed on the June 30, 2023 balance sheet, other than those arising in the ordinary course of business.
- (j) Ordinary Course: Between the signing of this LOI and the Closing Date, Tool Shed shall be run in the ordinary course, in a manner consistent with past practices. Tool Shed shall not, without the written consent of Purchaser, enter into or perform any transactions outside of the ordinary course of business. Other than in the ordinary course of business, no contracts will be entered into that commits to any expenditure by the Company over \$5,000 without the prior written consent of the Purchaser.
- (k) No Material Changes: No material change in the business, financial condition or capitalization of Tool Shed shall occur between the date of this LOI and the Closing Date, other than as required herein or in the Definitive Agreements, or as agreed to by the Parties.
- (l) Directors: Upon consummation of the Proposed Transaction all directors will resign and new directors will be appointed by the Purchaser.

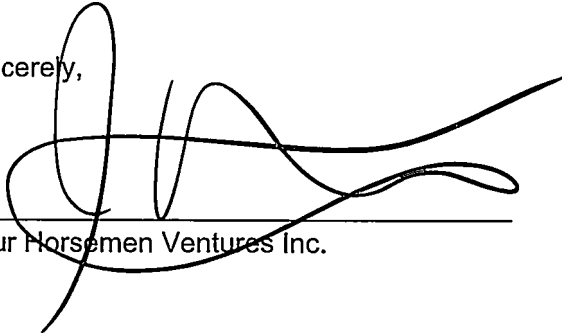
- (m) Approvals: All necessary approvals shall be obtained by the Closing Date.
 - (n) There being no material adverse changes in the business, results of operations, prospects, condition (financial or otherwise), or debt or equity interests of the Company.
9. **Confidentiality:** The Parties agree that this LOI is governed by the Confidentiality Agreement dated May 20th, 2023 between the Parties and the Company will not disclose to any third party the existence and terms and conditions of this LOI, without the prior written approval of the other Party, other than such disclosure as is required to carry out the intentions of the Parties as set out herein and to obtain the consents required to carry out the Proposed Transaction.
 10. **Approval of Secured Creditors.** Upon execution of this LOI, the Company shall present the settlements contemplated herein to the secured creditors of the Company to seek their approval to the proposed settlement of the amounts owed to them by the Company.
 11. **Deposit.** Within 10 days of the execution of this LOI by the Company, the Purchaser shall deliver to counsel of the Company a deposit in an amount equal to 10% of the Purchase Price (the “**Deposit**”). The Deposit shall be held by Company's counsel in escrow under escrow terms mutually agreeable to Purchaser and Company.
 12. **Exclusivity:** In consideration of the time and resources Purchaser will incur in reviewing the Proposed Transaction, Tool Shed and each of its respective affiliates, directors, officers, employees, representative and agents will not, until August 30, 2023, directly or indirectly, solicit, initiate or enter into or continue any discussions or transactions with third parties with respect to any proposed transaction which would result in any third party acquiring any of the outstanding equity or debt of Tool Shed.
 13. **Closing:** The Parties shall use their best efforts to close the Proposed Transaction by executing the Definitive Agreements by September 30, 2023 (the “**Closing Date**”).
 14. **Termination:** This LOI shall terminate without any further act by any Party upon the earlier of: (a) the execution of the Definitive Agreements; (b) September 30, 2023, if the Proposed Transaction is not completed.
 15. **Early Termination:** Notwithstanding anything else set out in this LOI, the Company shall have the option to terminate this LOI upon written notice to Purchaser if (i) approval is not received from the secured creditors of the Company as set out in Section 10 within 10 days of the execution of this LOI or (ii) if the Purchaser fails to comply with the provisions of Section 11. For greater certainty, the exclusivity provisions set out in Section 12 shall not survive such termination.
 16. **Governing Law:** This LOI and the definitive agreements shall be interpreted and governed in accordance with the laws of the Province of Alberta.
 17. **Binding Terms:** Other than sections 9 (Confidentiality), 12 (Exclusivity), 14 (Termination), 15 (Early Termination), 16 (Governing Law), 17 (Binding Terms), 19 (Costs) and 20 (Miscellaneous) of this LOI, no other sections are binding on the Parties and any such provisions will only be binding when incorporated into the executed Definitive Agreements.
 18. **Expiry:** This offer shall remain open until 1700 MST on July 28, 2023.

19. **Costs:** Each Party shall be responsible for their own fees and expenses incurred in connection with the evaluation and negotiation of the Proposed Transaction.
20. **Miscellaneous:** This LOI may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

Following your review of this LOI, please confirm alignment with your objectives and requirements by signing and returning a copy to James Costello at james@pedalpubcanada.com.

Should you have any questions or require further clarification, please do not hesitate to contact us. Thank you for considering this LOI; we look forward to the opportunity of working together and contributing to the continued success of Tool Shed.

Sincerely,



Four Horsemen Ventures Inc.

Agreed to and accepted by the Company on _____, 2023.

Tool Shed Brewing Company Inc.

Schedule A
Pro-Forma Cap Table

TOOL SHED BREWING COMPANY INC.				
SHAREHOLDER NAME	CURRENT CAP TABLE			
	Number	Class	Ownership %	Voting
2190028 Alberta Inc.	2499	A	22.5%	Yes
DJSynergy Inc.	133	A	1.2%	Yes
Graham Sherman	1871	A	16.9%	Yes
Hotrod Hooligans Inc.	266	A	2.4%	Yes
Jason Dejong	66	A	0.6%	Yes
Robert T. Fooks	66	A	0.6%	Yes
Tim Willms	66	A	0.6%	Yes
Trevor Chan	133	A	1.2%	Yes
0913349 B.C. Ltd.	421	B	3.8%	No
Adam Seguin	167	B	1.5%	No
Bowness Five Holdings Ltd.	133	B	1.2%	No
Charles Bambrough	267	B	2.4%	No
Chris Gruenwald and Trish Gruenwald, Joint	217	B	2.0%	No
Colin Matthew Pickle	267	B	2.4%	No
David Waldron	500	B	4.5%	No
DJSynergy Inc.	565	B	5.1%	No
Ken Cruikshank	1167	B	10.5%	No
Kendra Scurfield	66	B	0.6%	No
Kristin Bolstad	150	B	1.4%	No
Peter Higgelke	266	B	2.4%	No
Simon Cusack	467	B	4.2%	No
Steve Kletke	133	B	1.2%	No
Tara Burchell and Grant Burchell, Joint Holders	133	B	1.2%	No
Wayne Orr	1073	B	9.7%	No
Total	11,092		100%	

SHAREHOLDER	POST-CLOSING CAP TABLE			
	Number	Class	Ownership %*	Voting
Four Horsemen Ventures**	332,520	A	90.0%	Yes
Current Class A and Class B Shareholders***	11,092	B	3.0%	No
Converted Unsecured Creditors****	25,855	B	7.0%	No
Total	369,467		100%	

*Percentage split between current equity holders and unsecured creditors is an estimate

**Shares subscribed for and purchased by Four Horsemen Ventures (estimate)

***Shares held by current shareholders

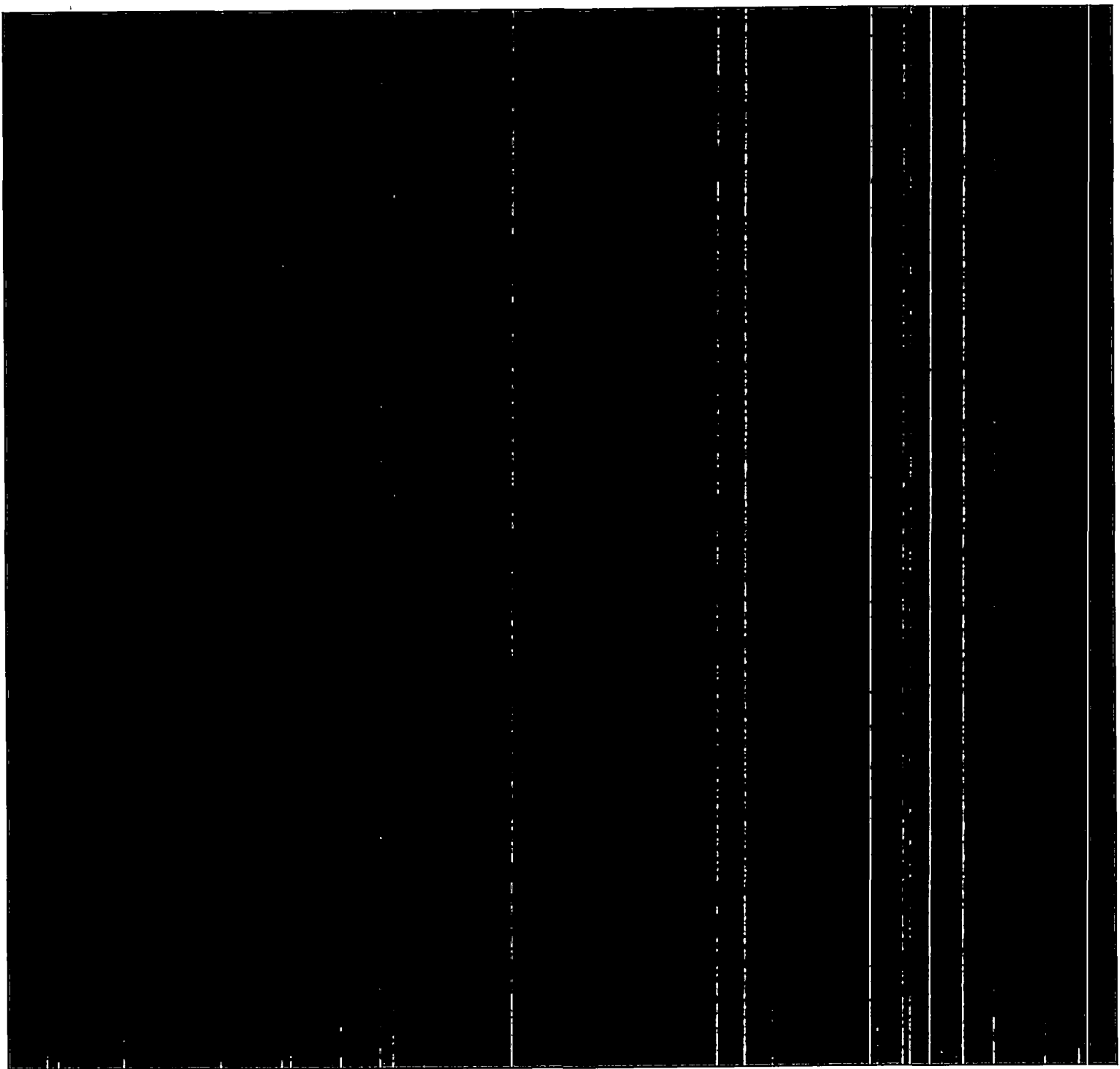
****New Class B shares issued to unsecured creditors on conversion (estimate)

This is Exhibit "T" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Josiah Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



From: Naveed, Afshan <afshan.naveed@dentons.com>
Sent: Friday, August 4, 2023 10:22 AM
To: Reid, James <jwreid@millertomson.com>
Subject: **[**EXT**]** RE: Tool Shed - Bid

Hi James,

Following up. Can we have an unredacted copy of the offer? Instructions are to reject offer as it presently stands.

Afshan

Afshan Naveed, B.A., LL.B

Partner

+1 403 268 7015

Calgary

From: Naveed, Afshan <afshan.naveed@dentons.com>

Sent: Friday, July 28, 2023 4:28 PM

To: Reid, James <jwreid@millerthomson.com>

Subject: RE: Tool Shed - Bid

James,

I will seek instructions but not sure why my client is being ranked *pari passu* with the other secured creditors, he is the first secured creditor so should be paid in full before any subsequent creditors are paid. Also, who is making the offer, please provide an unredacted copy of the agreement. My client is not making an offer to bid and will sign an NDA if needed. I do not expect Mr. Orr to accept this offer. In any event, I will seek instructions.

Thanks,

Afshan

Afshan Naveed, B.A., LL.B

Partner

+1 403 268 7015

Dentons Canada LLP | Calgary

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From: Reid, James <jwreid@millerthomson.com>

Sent: Thursday, July 27, 2023 12:28 PM

To: Naveed, Afshan <afshan.naveed@dentons.com>

Subject: Tool Shed - Bid

[WARNING: EXTERNAL SENDER]

Afshan,

As you know, since April, Tool Shed has undertaken efforts to solicit interest in purchases or investment in its business. From these efforts, the Company has been in negotiations with one bidder who has been the clear front runner in terms of a cash offer for the business to date, which offer will see the CRA paid out in full and recovery to the creditors.

Given this is the best bid to-date and provides a return to stakeholders, Tool Shed executed the attached Term Sheet committing to the proposed transaction if the closing conditions can be satisfied. Notably, section 10 of

the bid requires approval of the bid from your clients as Secured Creditors. Section 15 provides that the bid will terminate if not approved by the Secured Creditors within 10-days of today, being August 6.

Please review and consider the bid with your client. Next week we would like to set up a call with the secured creditors to get each of their respective positions on the Bid.

Sincerely,

JAMES W. REID

Providing services on behalf of a Professional Corporation
Partner

Miller Thomson LLP

3000, 700 - 9th Avenue SW

Calgary, Alberta T2P 3V4

Direct Line: +1 403.298.2418

Cell: +1 403.669.1930

Email: jwreid@millerthomson.com

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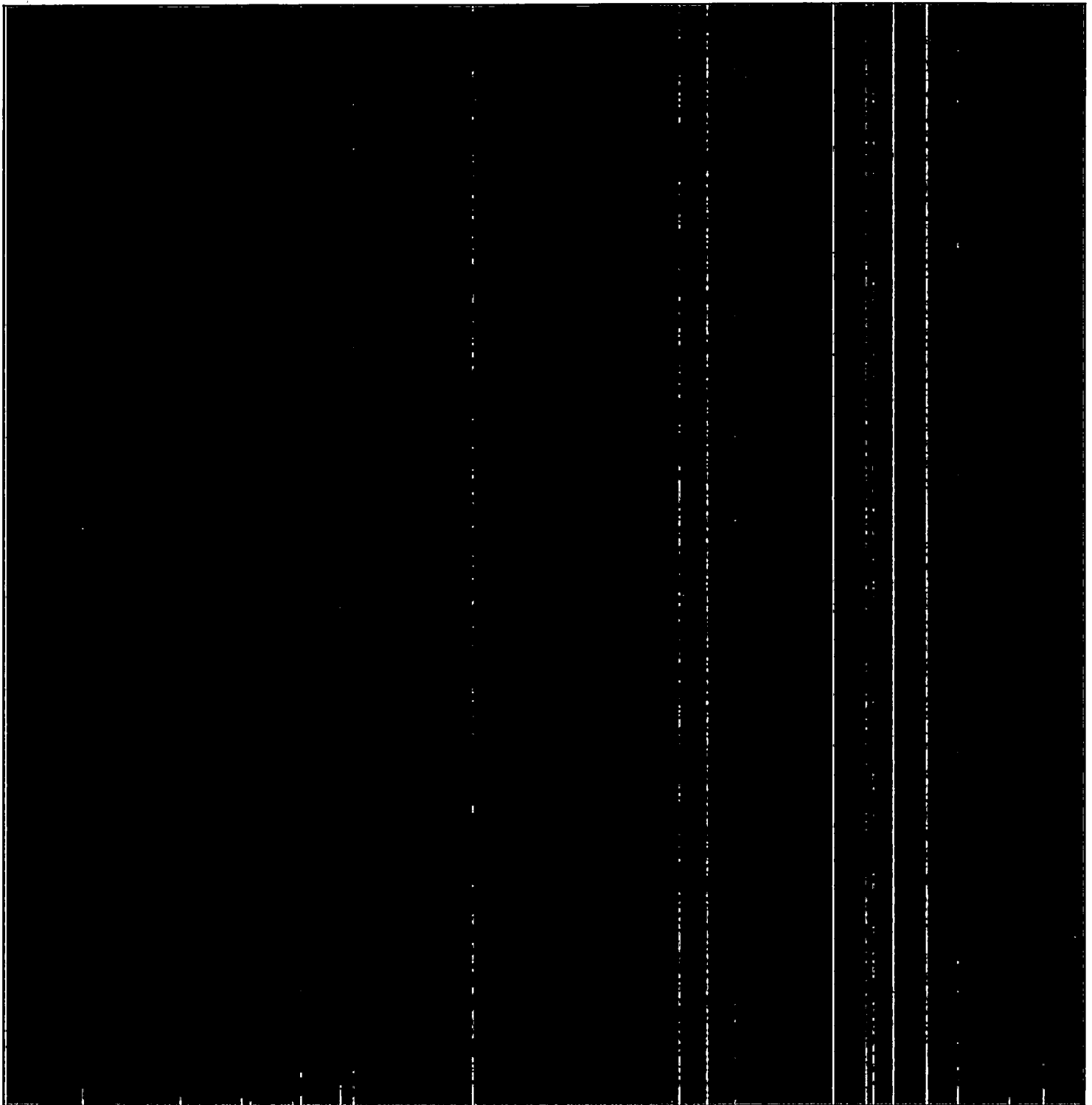
Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

This is Exhibit "U" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta



From: Reid, James <jwreid@millertthomson.com>
Sent: Thursday, July 27, 2023 12:22 PM
To: 'Alexis Teasdale ' <ateasdale@lawsonlundell.com>; Daniel Jonasson <djonasson@lawsonlundell.com>
Cc: D'Souza, John-David <jdsouza@millertthomson.com>
Subject: Tool Shed - Bid

Alexis and Daniel,

As you know, since April, Tool Shed has undertaken efforts to solicit interest in purchases or investment in its business. From these efforts, the Company has been in negotiations with one bidder who has been the clear front runner in terms of a cash offer for the business to date, that will see the CRA paid out in full and recovery to the creditors.

Given this is the best bid to-date and provides a return to stakeholders, Tool Shed executed the attached Term Sheet committing to the proposed transaction if the closing conditions can be satisfied. Notably, section 10 of the bid requires approval of the bid from your clients as Secured Creditors. Section 15 provides that the bid will terminate if not approved by the secured creditors within 10-days of today, being August 6.

Please review and consider the bid with your client. Next week we would like to set up a call with the secured creditors to get each of their respective positions.

Sincerely,

JAMES W. REID

Providing services on behalf of a Professional Corporation
Partner

Miller Thomson LLP

3000, 700 - 9th Avenue SW

Calgary, Alberta T2P 3V4

Direct Line: +1 403.298.2418

Cell: +1 403.669.1930

Email: jwreid@millerthomson.com

millerthomson.com



This is Exhibit "V" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

From: James Costello <James@toolshed.beer>
Sent: Friday, December 22, 2023 11:06 AM
Cc: Tom Taylor; Graham Sherman
Subject: **[**EXT**]** Tool Shed conversion document and next steps
Attachments: Tool Shed Conversion Template.pdf

Hello unsecured lenders of Tool Shed.

Firstly, I appreciate each of you taking the time to personally meet with me. I was able to meet with 23 of you (including our secured lenders) and overall it's been met with a very positive response. I'll reiterate this below, but **we require 100% conversion, or we cannot proceed as a going concern. After the deadline of December 28, we will be entering into an insolvency proceeding and the brewery will be sold.**

As a quick summary, here's where everything is currently sitting:

Secured lenders:

- First position has agreed a 5 year repayment term with a waiver of their position to the amount of just over 1/3rd of their balance owing. This will sit as an unsecured loan with a balance of \$150,000.
- Second and Third position have agreed to be repaid for their secured positions as a part of the raise and will waive the writs to allow for this. Their unsecured positions will convert in the same manner as all other unsecured positions, waiving the equivalent of 1/3rd of their balance owing
- Fourth position will convert their balance in the exact same manner as the unsecured investor group

Unsecured lenders:

- Everyone I have talked to have agreed to convert already, except for one group who I have not been able to secure a reasonable deal with, so I am hopeful that this group and the remaining 3 parties are willing to commit to moving forward.
- We are converting in the same manner as was discussed. 15% of your balance will convert at a \$600,000 pre-money valuation, or \$54.59 per Class A voting share.
- The template document is attached. I will be sending each and every one of you a prepared document via Docusign later today.
- **DEADLINE IS DECEMBER 28, 2023 at 5pm MST.**
- **We require ALL of you to convert, or we have no choice but to head into an insolvency process and sell the brewery, meaning these investments are all lost.**

Shareholders:

- Class B shareholders will be converted to Class A once the conversions have taken place, likely early January
- A board will be established for 5 board members, nominated and voted on by all shareholders

Capital needs and fundraising:

- After understanding in depth all of the cash needs and positions, we are going to start our financial raise on December 29. Total capital needed is minimum \$1.45 Million - \$2.0 Million. Use of funds is below.
- Remember that you can take 25% of your loan balance and receive that as 'bonus' equity (in other words, if you loan was \$100,000, you can invest \$25,000 and get an additional \$25,000 in bonus equity). I will follow up on this once we are successful on the conversion, and I have noted everyone who has already expressed interest.

Allocation of Capital	Low
Payout CRA	\$580,000
Working Capital	\$248,000
Payout Secured Lenders	\$292,000
Payout unsecured debt	\$0
Employee outstanding balances	\$150,000
Accounts Payable Cleanup	\$80,000
Estimated Legal Costs	\$60,000
Capital Asset Purchase	\$40,000
Total	\$1,450,000

1. CRA balance at \$560,000 at December 1, accruing interest at 10%, payout by June 30 latest. Range of payout will be \$580,000 to \$593,000 d
2. Remaining secured lenders require \$292,000 for full settlement of all secured positions and release of writ.
3. Unsecured debt balances post-restructuring will be \$328,000, to a private lender (\$150,000), BDC (\$62,000) and CEBA (\$40,000). On high fu
4. Employee expenses and CEO wages outstanding at December 1, 2023 = \$291,000. Payments to be made over 2 years with initial payment p additional \$180,000 in balances payable to equity at same rate not included in above.
5. Accounts Payable valid balance ~\$500,000, goal to settle at \$0.15/\$1.00, upwards of \$0.20/\$1.00
6. Capital asset purchases: \$40,000 for a new brewhouse kettle, and \$300,000 for a new canning system to allow for non-alcoholic growth

Thank you from the bottom of my heart to each and every one of you for believing, taking the time to talk through your concerns and to agree to move forward. This brewery is resilient and I will do my best to lead it to become a huge success!

Please message me if you have any further questions.

Happy Holidays.

Bcc: Miller Thomson LLP



James Costello
 Chief Executive Officer
 Tool Shed Brewing Co.
james@toolshed.beer

 [EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspectes.

THIS DEBT SETTLEMENT AGREEMENT made as of the date set out in Schedule A attached hereto (the **"Effective Date"**).

BETWEEN:

TOOL SHED BREWING COMPANY INC. a company incorporated under the laws of Alberta

(the **"Company"**)

- and -

The creditor of the Company whose name is set out in Schedule A attached hereto

(the **"Creditor"**)

WHEREAS:

- A. The Company is indebted to the Creditor in the amount of set forth in Schedule A which amount represents all amounts owed to the Creditor by the Company (the **"Debt"**);
- B. The Company is insolvent and is unable to repay the Debt; and
- C. The Debtor has agreed (i) to forgive and release eighty-five (85%) of the total amount of the Debt, the exact amount of which is set out in Schedule A (the **"Forgiven Debt"**) and (ii) to accept Class A common shares in the share capital of the Company (**"Shares"**) as set out in Schedule A (**"Conversion Shares"**) in full satisfaction and payment of the remaining fifteen percent (15%) of the Debt (the **"Converted Debt"**) at a deemed price per Share as set out in Schedule A (the **"Conversion Price"**) upon the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises and of the covenants and agreements set out in this Agreement, the parties agree as follows:

**ARTICLE 1
ACKNOWLEDGMENT OF DEBT**

The Company acknowledges and agrees that it is indebted to the Creditor in the amount of the Debt.

**ARTICLE 2
ISSUANCE OF CONVERSION SHARES AND FORGIVENESS OF DEBT**

- 2.1 The Company agrees to issue to the Creditor and the Creditor agrees to accept the Conversion Shares as full and absolute payment of the Converted Debt (the **"Settlement Transaction"**).
- 2.2 Subject to Article 6, the closing (the **"Closing"**) of the Settlement Transaction shall occur on the date the conditions set out in Article 3 are satisfied (the **"Closing Date"**), and at or forthwith after Closing, the Company will deliver to the Creditor a certificate representing the Conversion Shares as directed by the Creditor.

- 2.3 Subject to Article 6 and the satisfaction of the conditions set out in Article 3, the Creditor hereby agrees to forgive the Forgiven Debt on the Closing Date and releases and discharges the Company from all claims, actions, demands and liabilities in respect of the Forgiven Debt.

ARTICLE 3 CONDITIONS PRECEDENT

The Creditor's obligation to complete the Settlement Transaction shall be subject to satisfaction of the following condition (the "**Condition Precedent**"), which Condition Precedent is for the exclusive benefit of the Creditor and may be waived, in whole or in part, by the Creditor, in its sole discretion:

- (a) The Company shall have entered into agreements with the debt holders of the Company set out in Schedule B holding no less than 95% the total dollar value of the debts of the Company held by such debtholders as set out in Schedule B (the "**Debtholders**"), wherein the Debtholders shall either:
 - (i) agree to settle the debt owed to them by the Company on substantially the same terms as this Agreement; or
 - (ii) agree to defer the repayment of the debt owed to them by the Company for five (5) years;

notwithstanding the foregoing the Company shall be permitted to provide secured creditors of the Company a debt for Shares conversion rate that is better than the conversion rate provided to unsecured creditors of the Company and any debt for Shares agreement entered into between a secured creditor of the Company and the Company shall be deemed to satisfy the requirement set out in subsection (a)(i) hereinabove.

ARTICLE 4 REPRESENTATIONS OF CREDITOR

- 4.1 The Creditor represents, warrants and acknowledges to the Company that:

- (a) subject only to and on receipt of the Conversion Shares by the Creditor:
 - (i) the Debt will be fully satisfied and extinguished, and
 - (ii) the Creditor releases and forever discharges the Company and its directors, officers, and employees from and against any and all claims, actions, obligations, and damages whatsoever which the Creditor may have against any of them relating to the Debt. This release will be operative from and after the date of the Closing of the Settlement Transaction and will be effective without the delivery of any further release or other documents by the Creditor to the Company.
- (b) the Debt constitutes the entire outstanding indebtedness of the Company to the Creditor including principal, interest and costs to the date of this Agreement;
- (c) the Creditor has not conveyed, transferred or assigned any portion of the Debt to any third party, and has full right, power and authority to enter into this Agreement and to accept the Conversion Shares in full and final satisfaction of the Debt;

- (d) no third party has any right to payment of all or any portion of the Debt;
 - (e) the Creditor has no claims or potential claims against the Company on account of any matter whatsoever, other than the Debt;
 - (f) if it is an entity, it is validly existing and in good standing under the laws of the jurisdiction of its existence; and
 - (g) this Agreement is a legal, valid, and binding obligation of the Creditor, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditor's rights generally or by equitable principles relating to enforceability.
- 4.2 The Creditor makes the representations, warranties, covenants, and acknowledgements contained in this Agreement and in any other appendices, documents, or materials signed and delivered by the Creditor hereunder or pursuant hereto, with the intent that the Company and its professional advisors may rely on them in determining the Creditor's eligibility to acquire the Conversion Shares and the Creditor agrees to indemnify the Company against all losses, claims, costs, expenses, and damages or liabilities which the Company may suffer or incur caused by or arising from its reliance thereon.
- 4.3 The Creditor acknowledges and agrees that the above representations, warranties, covenants, and acknowledgements will be true and correct both as of the signing date of this Agreement and as of the date of issuance of the Conversion Shares and that they will survive the issuance of the Conversion Shares to the Creditor and will continue in full force and effect even if the Creditor subsequently disposes of any of the Conversion Shares. The Creditor undertakes to notify the Company immediately of any change in any representation, warranty, or other information relating to the Creditor set forth herein which takes place before the date of issuance of the Conversion Shares.
- 4.4 The representations and warranties provided by the Creditor in this Article 4 shall survive the Closing of the Settlement Transaction and continue on for the benefit of the Company.

ARTICLE 5

REPRESENTATIONS OF THE COMPANY

- 5.1 The Company represents, warrants and acknowledges to the Creditor that:
- (a) it is validly existing and in good standing under the laws of the jurisdiction of its existence;
 - (b) this Agreement is a legal, valid, and binding obligation of the Company, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditor's rights generally or by equitable principles relating to enforceability;
 - (c) the Conversion Shares when issued to the Creditor in accordance with the terms of this Agreement, will be duly and validly issued and outstanding as fully-paid and non-assessable shares in the capital of the Company, and will be free and clear of all encumbrances (i) except for encumbrances granted by the Creditor and (ii) except for any restrictions on transfer in the organizational documents of the

Company (including the unanimous shareholder agreement of the Company) or any statutory hold period;

- (d) the authorized share capital of the Company as of the Effective Date consists of an unlimited number of Class "A" Common Voting Shares of which 5,100 are issued and outstanding, an unlimited number of Class "B" Common Non-Voting Shares of which 5,892 are issued and outstanding and an unlimited number of Class "C" Preferred Shares none of which are issued and outstanding.

- 5.2 The representations and warranties provided by the Company in this Article 5 shall survive the Closing of the Settlement Transaction and continue on for the benefit of the Creditor.

ARTICLE 6 TERMINATION

- 6.1 This Agreement shall automatically terminate as to all Parties, without any further required action or notice by any Party on the date that is ninety (90) days from the Effective Date, unless such period is extended by written agreement of the parties.
- 6.2 This Agreement, and the obligations of the parties hereunder, may be terminated by mutual agreement in writing among the parties.
- 6.3 Upon termination of this Agreement, this Agreement shall be of no further force and effect and each party shall be released from its commitments, undertakings, and agreements under or related to this Agreement and shall have the rights and remedies that it would have had had it not entered into this Agreement, and shall be entitled to take all actions, whether with respect to the Debt or otherwise, that it would have been entitled to take had it not entered into this Agreement; provided, however, that such termination shall not relieve any party of its breach or non-performance of its obligations hereunder prior to the date of such termination.

ARTICLE 7 NOTICE AND REGISTRATION

- 7.1 Any notice, demand, or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by hand, prepaid private courier or by electronic transmission to the address of each party set out below:

- (a) If to the Company:

Tool Shed Brewing Company Inc.
801 30 St NE #9,
Calgary, AB T2A 5L7

Attention: Tom Taylor
Email: tom@toolshed.beer

with a copy which shall not constitute notice to:

Miller Thomson LLP

Attention: James Reid
Email: jwreid@millerthomson.com

(b) To the Creditor:

to the address set forth in Schedule A attached hereto,

or to such other address or email address as either party may designate in the manner set out above. Any notice, demand, or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery or email transmission.

- 7.2 Upon Closing, the Creditor hereby irrevocably directs the Company to register and deliver the Conversion Shares in accordance with the instructions in Schedule A attached hereto.

ARTICLE 8 MISCELLANEOUS

- 8.1 **Schedules.** The Schedules attached hereto contain material terms of this Agreement and form part of this Agreement.
- 8.2 **Further Assurances.** Subject to the other terms of this Agreement, the parties agree to use their commercially reasonable efforts to negotiate, document, execute (as applicable) and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be commercially reasonable, from time to time, to effectuate and implement the Settlement Transaction in accordance with the terms and conditions set forth in this Agreement.
- 8.3 **Assignment.** A party may not assign this Agreement without the other party's written consent, which consent may be arbitrarily withheld.
- 8.4 **Currency.** All references to currency refer to Canadian dollars.
- 8.5 **Time of the Essence.** Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (Alberta).
- 8.6 **Entire Agreement.** Except as expressly provided in this Agreement and in the agreements, instruments, and other documents contemplated or provided for herein or pursuant hereto, this Agreement contains the entire agreement between the parties regarding the Settlement Transaction and there are no other terms, conditions, representations, or warranties, whether expressed, implied, oral, or written, by statute, by common law, by the Company, or by anyone else.
- 8.7 **Amendments.** The parties to this Agreement may amend this Agreement only by agreement in writing.
- 8.8 **Enurement.** This Agreement enures to the benefit of and is binding on the parties to this Agreement and their heirs, executors, successors and permitted assigns.
- 8.9 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of Alberta and the parties irrevocably attorn and submit to the jurisdiction of the courts of Alberta with respect to any dispute related to this Agreement.
- 8.10 **Fees.** Each party shall be responsible for its own costs and expenses incurred with respect to this Agreement, the Settlement Transaction and the transactions contemplated thereby.

- 8.11 **Unenforceable Terms.** If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance is invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable is not affected thereby and each remaining term, covenant or condition of this Agreement is valid and enforceable to the fullest extent permitted by law.
- 8.12 **Execution.** This Agreement may be executed in one or more counterparts (including by electronic means), each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile, electronic mail or otherwise, each of which shall be deemed to be an original for the purposes of this paragraph.
- 8.13 **Independent Legal Advice.** The Creditor acknowledges having been encouraged to seek, and that it has had the opportunity to obtain and satisfy itself as to its own independent legal advice with respect to the terms of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

COMPANY

TOOL SHED BREWING COMPANY INC.

Per: _____

Name: Tom Taylor

Title: Director

CREDITOR

(if an entity)

NAME OF ENTITY:

Per: _____

Name:

Title:

I/We have the authority to bind the corporation

(or if an individual)

Witness Name:

Creditor Name:

SCHEDULE A
PARTICULARS

Effective Date	December 28, 2023
Creditor	
Address of Creditor	
Email Address of Creditor	
Debt	
Forgiven Debt (85%)	
Converted Debt (15%)	
Conversion Shares	
Conversion Price	\$54.59 per Share representing an aggregate pre-money valuation of the Company of \$600,000
Register the Conversion Shares as Follows	
Deliver the certificates representing the Conversion Shares to the following address	

**SCHEDULE B
COMPANY DEBT**

Converting Creditor	Amount
Creditor 1	\$ 20,000.00
Creditor 2	\$ 207,071.64
Creditor 3	\$ 385,528.00
Creditor 4	\$ 45,000.00
Creditor 5	\$ 442,232.80
Creditor 6	\$ 35,000.00
Creditor 7	\$ 59,560.79
Creditor 8	\$ 75,000.00
Creditor 9	\$ 50,000.00
Creditor 10	\$ 50,000.00
Creditor 11	\$ 262,190.30
Creditor 12	\$ 100,000.00
Creditor 13	\$ 30,000.00
Creditor 14	\$ 50,000.00
Creditor 15	\$ 50,000.00
Creditor 16	\$ 99,875.14
Creditor 17	\$ 50,000.00
Creditor 18	\$ 20,000.00
Creditor 19	\$ 102,383.00
Creditor 20	\$ 368,109.38
Creditor 21	\$ 290,000.00
Creditor 22	\$ 134,903.91
*subject to adjustment	\$ 2,926,854.96

This is Exhibit "W" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

From: James Costello <James@toolshed.beer>
Sent: Monday, January 8, 2024 9:43 PM
Cc: Graham Sherman; Tom Taylor
Subject: **[**EXT**]** Tool Shed Update

Dear Tool Shed investors and debt lenders,

Welcome to 2024. I will be providing the following detail as the contracted operator, however the Board of Directors have approved this communication. We greatly appreciate everyone who did convert and were working with us to the very last deadline, we did everything we could, so thank you immensely for listening and attempting to come to the table.

In summary, we attempted to carry a conversion in late December, and unfortunately we were unsuccessful. 17 parties committed to the conversion for a total of \$1,889,826, and 7 did not convert for a total of \$1,174,191. Although it was over 60% of the total debt, the carried debt is too much to survive the conversion. I'll outline in detail what was done and next steps below.

Review of background:

January 2023:

- A group of unsecured lenders called the default and successfully pursued a court order
- Payroll was covered in January and February by a few angels to ensure staff remained
- The bank account was drawn by the court to satisfy the debt repayments
- The secured lenders stepped up and blocked the position

March 2023:

- Court agreed to return the cash to the bank account under a drafted forbearance agreement
- Graham stepped from the board, and Tom Taylor assumed that role
- A third party was hired to go through a process to solicit new financing, a new investor or a purchaser for the brewery

June 2023:

- Of the offers received, one bonified offer was presented to the secured debt holders and ultimately rejected, so no transaction was successful
- Business continued to operate on limited operations

August 2023:

- I joined to aggressively adjust operations, assess the business and pursue a voluntary conversion of all debt to equity
- I agreed to work for 4 months in exchange for equity in the new company if I was successful (I did not make any money during this period)

September – December 2023:

- Over 50 meetings were held with debtors, equity holders and secured debt
- Operations turned around, increasing profitability and sales
- Increased inventory levels, stabilized cashflows and boosted team morale
- A conversion document was issued to each unsecured lender and secured lenders agreed to a plan to move forward.
- Of the total balances, \$1,889,826 (17 groups) were willing to convert and \$1,174,191 (7 groups) were unwilling.

- Some of the carried balance worked with us to find a solution, others did not.
- Upon review of the balance owing and an initial solicitation with a few independent new investors, the debt balance is too high to secure additional investment capital to get investors in at the desired valuation, meaning if we retained that level of debt, everyone that converts would be diluted to materially zero.

January 2024:

- The company desperately requires an infusion of capital to pay off the CRA debt, clean up the AP balances and provide working capital to operate through the slowest three months of the year.
- Tool Shed's legal counsel has expressed that we can:
 1. Continue to operate as-is until a debtor (such as CRA) forces us into receivership or bankruptcy
 - This isn't possible without significant capital to continue to operate, and finding additional capital in this position is not possible
 2. Declare bankruptcy
 - The company is growing and the director is not interested in this path
 3. Enter into a receivership process with a capital sponsor and solicit new ownership
 - We are exploring this now.

Current status:

- We have an interested party who will sponsor the receivership and carry forward with a purchase agreement that we are currently working with
- I will continue to operate through January to find a solution, with a primary focus to preserve employee's jobs and solicit a future for the brand
- If you have any thoughts or would like to provide some help in this manner, please do not hesitate to reach out, we are open to any ideas

It's unfortunate for the team to bring this news after all of the contributed effort from so many of you. As always, feel free to reach out with any questions, but you will be informed as we progress further.

Regards,



James Costello
Tool Shed Brewing Co.
james@toolshed.beer

[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

This is Exhibit "X" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

February __, 2024

Tool Shed Brewing Company Inc.

801 30 Street NE

Calgary, Alberta T2A 5L7

Attention: Graham Sherman

INTERIM FINANCING TERM SHEET OF TOOL SHED BREWING COMPANY INC.

Dated as of February [●], 2024

- A. **WHEREAS** Tool Shed Brewing Company Inc. (the "**Borrower**") filed a Notice of Intention to Make a Proposal ("**NOI**") under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") on February 1, 2024, and KPMG LLP has consented to act as the proposal trustee ("**Proposal Trustee**") for the proceedings (the "**NOI Proceedings**");
- B. **AND WHEREAS** the Borrower has entered into a stalking horse share purchase agreement with the Interim Lender (the "**Stalking Horse Agreement**"), after the conclusion of which the Borrower will sell all of its shares to the Interim Lender or to a nominee of the Interim Lender (the "**Transaction**");
- C. **AND WHEREAS** the Borrower has requested that 2582568 Alberta Inc. (the "**Interim Lender**") provide it with loans in order to fund certain of its obligations during the pendency of the NOI Proceedings (as defined below), the proposed sale and investment solicitation process (the "**SISP**"), and the Stalking Horse Agreement;
- D. **AND WHEREAS** the Interim Lender has agreed to provide a credit facility in the maximum aggregate principal amount of \$250,000 ("**Maximum Amount**"), plus applicable interest and expenses, subject to and in accordance with the terms set out in this term sheet (the "**Interim Financing Term Sheet**");
- E. **AND WHEREAS** the Borrower and the Interim Lender have agreed, as a condition to the granting of the Interim Credit Facility, to seek the permission of the Court to secure the Interim Credit Facility by way of a priority charge against the assets and undertakings of the Borrower;
- F. **NOW THEREFORE** the parties, in consideration of the foregoing and the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

SUMMARY OF TERMS FOR THE INTERIM FINANCING CREDIT FACILITY

- 1. **Borrower:** Tool Shed Brewing Company Inc.
- 2. **Interim Lender:** 2582568 Alberta Inc.
- 3. **Interim Credit Facility:** A super priority interim financing, non-revolving credit facility in the maximum aggregate principal amount of \$250,000, plus applicable Interest (as defined below) and Recoverable Expenses (as defined below) (collectively, the "**Interim Credit Facility**").

4. Purpose:

To provide for the short-term liquidity needs of the Borrower pursuant to the **[13-week cash flow projections]** (the "**Cash Flow Projections**") and in accordance with the Approval Order (as defined below) and in accordance with the authorized uses as set out in Section 7, while the Borrower is under Court protection pursuant to the NOI Proceedings. If there should be any conflict between the Approval Order and this Interim Financing Term Sheet in relation to the authorized uses of the funds provided pursuant to this Interim Financing Term Sheet, the Approval Order shall prevail.

5. Advances

Advances under the Interim Credit Facility ("**Interim Advances**") shall bear interest at a rate equal to 12% per annum. Interest shall accrue daily on the aggregate outstanding principal of the Interim Loan Facility and shall be calculated and payable in cash, not in advance, on the Maturity Date, to such account as directed in writing by the Interim Lender to the Borrower from time to time.

Nothing in this Interim Financing Term Sheet creates a legally binding obligation on the Interim Lender to advance any amount under the Interim Credit Facility at any time unless: (i) the Borrower is in compliance with the provisions of this Interim Financing Term Sheet and the Order of the Court which approves this Interim Financing Term Sheet, the Interim Credit Facility, the SISF, the Stalking Horse Agreement, and the Break Fee, and grants the Interim Lender's Charge (as defined below) (the "**Approval Order**"); (ii) the funding conditions set out in Sections 12 and 13 of this Interim Financing Term Sheet have been satisfied; and (iii) the Borrower is operating within the parameters of the Cash Flow Projections.

6. Interest

All computations of interest hereunder will be calculated on the basis of a 365 day year and the actual days elapsed, up to (but excluding) the date of actual payment from the funding date or the due date, as applicable and using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed re-investment of interest; provided that whenever a rate of interest or fee hereunder is calculated on the basis of a year (a "**Deemed Year**") that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee by the actual number of days in the calendar year of calculation and dividing it by the number of days in the Deemed Year.

Any amounts which are not paid when due and payable by the Borrower hereunder shall accrue interest (after as well as before maturity and judgment) on a daily basis up to and including the date of actual payment from the due date, at a rate equal to 12% per annum, payable on demand by the Interim Lender .

7. Use of Proceeds:

The Borrower is authorized to use Interim Advances only:

- (i) For working capital, including for restructuring costs in the NOI Proceedings and for other general corporate purposes of the Borrower;
- (ii) To make payments necessary to comply with or as contemplated under the Approval Order;
- (iii) To pay professional fees of the Interim Lender in connection with the NOI Proceedings, whether incurred before or after the granting of the Approval Order;
- (iv) To fund the management and execution of the SISF and the Stalking Horse Agreement;
- (v) To pay the fees and expenses of the beneficiaries of the Administration Charge (as defined below) and professional fees of the Borrower and Proposal Trustee (including the Borrower's legal counsel, the Proposal Trustee and the Proposal Trustee's legal counsel and such other agents, advisors and consultants of the Borrower retained in accordance with the Approval Order), incurred both before and after the granting of the Approval Order;

and in each case of the foregoing paragraphs (i) to (v), consistent with (and as specifically provided for in) the Cash Flow Projection; provided that no proceeds from the Interim Credit Facility shall be used other than in accordance with this Interim Financing Term Sheet unless otherwise agreed in writing by the Interim Lender.

8. Recoverable Expenses:

The Borrower shall pay all reasonable and documented fees and expenses (collectively, the "**Recoverable Expenses**") incurred by the Interim Lender in connection with the preparation, registration and ongoing administration of this Interim Financing Term Sheet, the Interim Credit Facility, the Approval Order, the SISF (including negotiation of any resulting purchase agreement), the Stalking Horse Agreement, the Interim Lender's Charge (as defined below) and with the enforcement of the Interim Lender's rights and remedies hereunder and thereunder, at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Interim Lender. For greater certainty, "Recoverable Expenses" shall include all reasonable and documented fees and expenses incurred by the Interim Lender in connection with the NOI Proceedings and all Court attendances in respect thereof. If the Interim Lender has paid any expenses for which the Interim Lender is entitled to reimbursement from the Borrower, such expenses shall be added to the Interim Credit Facility and shall accrue interest at the rate set out above. All such Recoverable Expenses and interest thereon shall be secured by the Interim Lender's Charge whether or not any funds under the Interim Credit Facility are advanced.

9. Security:

All present and future debts, liabilities and obligations of the Borrower to the Interim Lender under or in connection with the Interim Credit Facility (including, without limitation, principal, interest and Recoverable Expenses), this Interim Financing Term Sheet and any other documents executed in connection therewith, including the Stalking Horse Agreement entered into between Interim Lender and Borrower and the Break Fee contemplated thereunder, shall be secured by a Court-ordered priority charge in the quantum specified herein (the "**Interim Lender's Charge**") granted to the Interim Lender in and to all present and future properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof (the "**Property**"). The only other court-ordered charge on the Property to be granted within the NOI Proceedings shall be an administration charge in the maximum aggregate amount of \$250,000 under the Approval Order for the payment of the reasonable and documented fees and expenses of the Proposal Trustee, counsel to the Borrower, and counsel to the Proposal Trustee (the "**Administration Charge**"). For greater clarity, the Administration Charge shall rank in priority to the Interim Lender's Charge under the Approval Order.

10. Maturity Date:

Unless otherwise agreed to by the Interim Lender and the Borrower in writing or specified herein, the term of the Interim Credit Facility shall expire, and the Borrower shall repay all obligations owing to the Interim Lender under or in connection with this Interim Financing Term Sheet, on the earliest of the following (the "**Maturity Date**"):

- (a) 90 days from the date of the Approval Order;
- (b) the closing of the Transaction, in which case the applicable amounts advanced or deemed to be advanced under the Interim Credit Facility (plus accrued interest and Recoverable Expenses, if applicable) shall be credited against the purchase price, as set out in the Stalking Horse Agreement;
- (c) the implementation of a proposal within the NOI Proceedings which has been approved by the requisite majorities of the Borrower's creditors and by an order entered by the Court;
- (d) the closing of any sale or investment transaction involving the Borrower, regardless of whether resulting from the SISP or not, which transaction has been approved by an order of the Court;
- (e) the date on which the NOI Proceedings are terminated for any reason; and

- (f) the occurrence of an Event of Default (as defined below), subject to a cure period of three (3) business days, beginning on the date of the occurrence of such Event of Default.

11. Repayment:

Unless the Maturity Date occurs in accordance with Section 10(b) above, the aggregate principal amount owing under the Interim Credit Facility plus all accrued and unpaid interest and Recoverable Expenses (other than the Initial Legal Expenses (as defined below) to the extent already recovered) shall become immediately due and payable on the Maturity Date.

For certainty, the Interim Credit Facility shall be treated in all respects as a debtor-in-possession loan in accordance with the terms and conditions set out in this Interim Financing Term Sheet unless and until the Stalking Horse Agreement is selected as the successful bid in the SISP and the Transaction closes, at which point the applicable amounts owing under the Interim Credit Facility (plus accrued interest and Recoverable Expenses, if applicable) shall be credited against the purchase price set out in the Stalking Horse Agreement.

The Borrower and the Interim Lender acknowledge and agree that, notwithstanding anything to the contrary herein, the Interim Credit Facility, accrued interest and Recoverable Expenses (other than the Initial Legal Expenses to the extent they have already been recovered) shall be repaid on the Maturity Date in accordance with **Section 10** and, for certainty, no interest or Recoverable Expenses (other than the Initial Legal Expenses) will be paid from the Interim Credit Facility prior to the Maturity Date. Notwithstanding the foregoing, up to \$25,000 of the Interim Lender's Recoverable Expenses (the "**Initial Legal Expenses**") shall be due and payable out of the Interim Credit Facility on the earlier of the date of invoicing by the Interim Lender or the Maturity Date, as applicable.

12. Conditions Precedent to Effectiveness:

The effectiveness of this Interim Financing Term Sheet is subject to the satisfaction of the following conditions precedent as determined by the Interim Lender in its sole discretion:

- (a) the Court shall have issued the Approval Order, in form and substance satisfactory to the Interim Lender, including:
 - i. approving the SISP and authorizing and directing the Proposal Trustee to implement and carry out the SISP;
 - ii. approving the Stalking Horse Agreement;
 - iii. approving this Interim Financing Term Sheet and the Interim Credit Facility;
 - iv. approving the Break Fee (as defined in the Stalking Horse Agreement) and authorizing payment of the same;

- v. granting the Interim Lender's Charge in favour of the Interim Lender in an amount no less than \$300,000, subject only to the Administration Charge;
 - vi. authorizing the Interim Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the Interim Lender's Charge;
 - vii. providing that the Interim Lender's Charge shall be valid and effective to secure all of the obligations of the Borrower to the Interim Lender hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;
 - viii. declaring that the granting of the Interim Lender's Charge and all other documents executed and delivered to the Interim Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the Interim Lender's Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and
 - ix. provisions restricting the granting of any additional liens or encumbrances on the Property, other than as permitted herein and the Interim Lender's Charge.
- (b) the Approval Order shall not have been vacated, stayed, appealed or amended in a manner not acceptable to the Interim Lender, and no application or motion has been made to vacate, stay, appeal or amend same;
 - (c) the Interim Lender shall have received and approved the Cash Flow Projections;
 - (d) the Interim Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws and regulations in relation to its business and all respects with respect to the Approval Order;
 - (e) the Borrower shall have executed and delivered this Interim Financing Term Sheet and all other documents in connection with the Interim Credit Facility;
 - (f) All representations and warranties the Borrower under this Interim Financing Term Sheet and in any other interim financing credit documentation are true and correct;

- (g) The Borrower shall have complied with all covenants under this Interim Financing Term Sheet;
- (h) no Event of Default (as defined below) shall have occurred or is reasonably expected to occur as a result of any such Interim Advances; and
- (i) such other conditions as the Interim Lender may reasonably request or require.

**13. Conditions
Precedent to Interim
Advances**

The Interim Lender's obligation to make Interim Advances to the Borrower is subject to the satisfaction of the following conditions precedent as determined by the Interim Lender in its sole discretion (collectively, the "**Funding Conditions**"):

- (a) this Interim Financing Term Sheet shall have become effective and all conditions precedent set out in Section 12 shall have been fulfilled and continue to be satisfied;
- (b) the Interim Lender shall have received from the Borrower an Interim Advance Request, which shall be executed by an officer of the Borrower, and shall certify, *inter alia*, that the Interim Advance Request is within the Maximum Amount is consistent with the Cash Flow Projections, and that the Borrower is in compliance with the Interim Financing Term Sheet and Approval Order;
- (c) prior to making any Interim Advance in the NOI Proceedings, the Borrower and the Interim Lender (or their respective counsel) shall have had a reasonable opportunity to review advance copies of, and shall be reasonably satisfied with, all material documents to be filed in respect of, as applicable:
 - (i) the Approval Order; and
 - (ii) any other Order sought by the Borrower in the NOI Proceedings ("**Other NOI Orders**").
- (d) the Interim Lender shall be satisfied, acting reasonably, with the form and content of the court orders made in the NOI Proceedings applicable to the Borrower (the "**Restructuring Court Orders**", which shall include but are not limited to the Approval Order and the Other NOI Orders);
- (e) the Interim Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to its business other than (i) as may be permitted under the Restructuring Court Orders or (ii) as to which any enforcement in respect of noncompliance is stayed by a Restructuring Court Order, provided the issuance of such

Restructuring Court Order (in each case) does not result in the occurrence of an Event of Default (as defined below);

- (f) the requested Interim Advance shall not, if advanced to the Borrower, cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the total Interim Advances projected to be required in the Cash Flow Projection, unless otherwise specifically approved by the Interim Lender;
- (g) all Initial Legal Expenses shall have been paid, or will be paid from the proceeds of the requested Interim Advance, as applicable, within such period of time as is acceptable to the Interim Lender in its absolute discretion;
- (h) all of the representations and warranties of the Borrower as set forth herein and in any other interim financing credit documentation shall be true and correct in all respects;
- (i) no Default or Event of Default shall have occurred or will occur as a result of the requested Interim Advance;
- (j) the Interim Lender is satisfied that no matter, event or circumstance that, individually, or in the aggregate could, in the opinion of the Interim Lender, acting reasonably, be expected to have a material adverse effect on: (i) the business, operations, or financial condition of the Borrower; (ii) the Property of the Borrower; (iii) the Interim Lender's Charge, including its relative priority; (iv) the ability of the Borrower to perform its obligations to the Interim Lender or to any person under any material contract; or (v) the Interim Lender's ability to enforce any of its rights or remedies against the Property or for the obligations of the Borrower to be satisfied from the realization thereof (a "**Material Adverse Change**") shall have occurred after the date of the issuance of the Approval Order;
- (k) since the date of the Approval Order there shall not have occurred any payment, prepayment, redemption, purchase or exchange of any pre-filing indebtedness or equity, or amendment or modification of any of the terms thereof, except as permitted by the terms of the Approval Order or as otherwise provided for hereunder and the aggregate amount of all such pre-filing amounts do not exceed the amount set out therefor in the Cash Flow Projections; and
- (l) The Approval Order shall be in full force and effect and shall not have been reversed, modified, amended or stayed in a manner adverse to the interests of the Interim Lender.

14. Representations and Warranties

The Borrower represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at

each Interim Advance, and upon which the Interim Lender relies on entering into this Interim Financing Term Sheet, that:

- (a) The Borrower is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business.
- (b) subject to the granting of the Approval Order, the Borrower has the power, capacity, legal right, and authority to own or lease or lease its property, carry on business and to execute and deliver this Interim Financing Term Sheet and each other documents delivered in connection herewith, and the transactions contemplated hereby and thereby:
 - (i) are within the powers of the Borrower;
 - (ii) have been duly authorized by all necessary corporate approval of the Borrower;
 - (iii) have been duly executed and delivered by or on behalf of the Borrower;
 - (iv) constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms; and
 - (v) do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority.
- (c) the activities of the Borrower have been conducted in compliance with all applicable law, subject to the provisions of the BIA and any order of the Court;
- (d) the Cash Flow Projections are reasonable and prepared in good faith;
- (e) no Event of Default has occurred and is continuing;
- (f) the Borrower has made full and complete disclosure in writing to the Interim Lender of all litigation or other proceedings involving the Borrower and all claims and/or threatened claims, litigation or proceedings against the Borrower that exist, to the Borrower's knowledge, after due inquiry, as at the date hereof;

15. Positive Covenants: The Borrower covenants and agrees with the Interim Lender, so long as any amounts are outstanding by the Borrower to the Interim Lender hereunder, to:

- (a) promptly on the receipt by the Borrower of the same, give the Interim Lender a copy of any Notice of Motion or

Application to vary, supplement, amend, revoke, terminate or discharge the Restructuring Court Orders or any Court order approving or affecting the Transaction or similar transaction, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the Interim Lender's Charge, or otherwise for the variation of the priority of the Interim Lender's Charge;

- (b) allow the Interim Lender or its advisors, on reasonable written notice during regular business hours, and at any time after and during the continuance of an Event of Default, to enter on and inspect each of the Borrower's assets and properties;
- (c) provide the Interim Lender or its advisors, on reasonable written notice and during normal business hours, full access to the books and records of the Borrower;
- (d) cause management of the Borrower to fully co-operate with the Interim Lender and the Proposal Trustee or their respective agents and advisors, as applicable;
- (e) promptly provide the Interim Lender with any additional financial information reasonably requested by the Interim Lender;
- (f) use the Interim Advances under the Interim Financing Credit Facility only for the purposes for which they are being provided, as set out in Sections 4 and 7 of this Interim Financing Term Sheet, or such other purposes that may be agreed to by the Interim Lender and the Proposal Trustee, in writing;
- (g) provide the Interim Lender and the Proposal Trustee with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant, or other term or condition of this Interim Financing Term Sheet (including the accuracy of any representations or warranties), or of any document executed in connection with this Interim Financing Term Sheet;
- (h) pay all claims which, under law, may rank prior to or *pari passu* with the Interim Lender's Charge due and payable from and after the commencement of the NOI Proceedings, as and when such amounts are due;
- (i) pay all pre-filing payroll, source deductions, goods and services tax, and other taxes that are in arrears and which, under law, may rank prior to or *pari passu* with the Interim Lender's Charge using the Interim Credit Facility prior to the Maturity Date;

- (j) keep the Borrower's assets (including the Property) fully insured against such perils in such manner, and only to the extent, as would be customarily insured by companies owning similar assets;
- (k) comply with all orders of the Court in the NOI Proceedings and all applicable laws; and
- (l) conduct all activities in the ordinary course and in material compliance with the Cash Flow Projections.

16. Negative Covenants: The Borrower covenants and agrees with the Interim Lender, so long as any amounts are outstanding by the Borrower to the Interim Lender hereunder, to not:

- (a) seek or support anyone seeking any Court order (in the NOI Proceedings or otherwise) which is adverse to the interests of the Interim Lender, including for certainty but without limitation, any change to the Interim Credit Facility or the Interim Lender's Charge;
- (b) fail to comply with the Restructuring Court Orders, or any Court order approving or affecting the Transaction, or similar transaction;
- (c) make any payment to any director, officer, investor or related party of the Borrower except salary and wages in the normal course at the rates as of the date hereof (but specifically excluding bonuses or other incentive payments) without the prior written consent of the Interim Lender and the Proposal Trustee;
- (d) make any payments or distributions of any kind other than those that do not result in an Event of Default and are provided for in the Cash Flow Projections;
- (e) transfer, lease, sell or otherwise dispose of all or any part of its Property other than in accordance with the Stalking Horse Agreement or the SISP;
- (f) make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as approved by the Interim Lender;
- (g) without the prior written consent of the Interim Lender, incur any borrowings or other indebtedness, obligations or liabilities, other than the Interim Credit Facility, or create or grant any security (other than the Administration Charge and the Interim Lender's Charge) over any of the Property, whether ranking in priority to or subordinate to the Interim Lender's Charge;

- (h) change its name (other than in accordance with the Stalking Horse Agreement), amalgamate, consolidate with or merge into, or enter into any similar transaction with, any other entity; or
- (i) other than the Proposal Trustee, its legal counsel and legal counsel to the Borrower, and the Interim Lender engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and approved in advance by the Proposal Trustee and the Interim Lender.

17. Proposal Trustee

The Proposal Trustee in the Proposal Proceedings is KPMG Inc. The Proposal Trustee shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Proposal Trustee as may be requested by the Interim Lender from time to time.

18. Events of Default:

The Interim Credit Facility shall be subject to the following events of default (each, an “**Event of Default**”):

- (a) the Borrower’s failure to pay any amount due hereunder when due and payable;
- (b) the Borrower’s failure to comply with or fulfill, to the satisfaction of the Interim Lender, any covenant, condition precedent, payment obligation, or other term or condition of this Interim Financing Term Sheet;
- (c) the seeking or support by the Borrower of any Court order (in the NOI Proceedings or otherwise) which is adverse to the interests of the Interim Lender, including for certainty but without limitation, any change to the Interim Credit Facility or the Interim Lender’s Charge (or the relative priority thereof);
- (d) the issuance of any Court order (in the NOI Proceedings or otherwise) which is adverse to the interests of the Interim Lender, including for certainty but without limitation, any change to the Interim Credit Facility or the Interim Lender’s Charge (or the relative priority thereof);
- (e) the occurrence of an event that will, in the opinion of the Interim Lender, materially impair the Borrower’s financial condition, operations or ability to perform under this Term Sheet or any order of the Court;
- (f) the failure by the Borrower to comply with the Approval Order, the SISP Order, the Stalking Horse Agreement or any Court order approving or affecting the Transaction, or similar transaction;

- (g) any material deviation from the Cash Flow Projections, as determined by the Interim Lender, acting reasonably;
- (h) the occurrence of any Material Adverse Change;
- (i) the NOI Proceedings are converted into a liquidation or receivership proceeding under the BIA;
- (j) the sale, transfer, assignment, conveyance or lease of substantially all of the Property, except pursuant to a transaction resulting from the SISP (or the Stalking Horse Agreement) or as may be otherwise approved by the Interim Lender in writing;
- (k) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter the purpose of which is to seek, or the result of which would be, to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrower in connection with the Interim Credit Facility, the Interim Lender's Charge or its priority; (ii) for monetary, injunctive or other relief against the Interim Lender or the Property; or (iii) preventing, hindering or otherwise delaying the exercise by the Interim Lender of any of its rights and remedies hereunder, pursuant to the Approval Order, the Stalking Horse Agreement, under applicable law, or the enforcement or realization by the Interim Lender against any of its collateral.

19. Remedies and Enforcement:

Following the occurrence of an Event of Default, and the expiration of the cure period prescribed in Section 10(f), upon written notice to the Borrower and the Proposal Trustee, the Interim Lender shall have the right, subject to the Interim Lender obtaining an Order from the Court lifting the stay under the NOI Proceedings, to:

- (a) apply to the Court to further enhance any powers of the Proposal Trustee;
- (b) seek the appointment of a receiver, an interim receiver or a receiver and manager over the Property, or to seek the appointment of a trustee in bankruptcy of the Borrower;
- (c) apply to the Court for an order or orders, on terms satisfactory to the Proposal Trustee and the Borrower, providing the Proposal Trustee with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the NOI Proceedings;
- (d) enforce the Interim Lender's Charge and realize on the Property and any other collateral securing the Interim Credit Facility;

(e) exercise the rights and powers of a secured lender pursuant to the *Personal Property Security Act*, RSA 2000, c P-7, or any legislation of similar effect; and

(f) exercise all such other rights and remedies available to the Interim Lender under this Interim Financing Term Sheet, the Approval Order, the Stalking Horse Agreement, any other order of the Court or applicable law.

No failure or delay on the part of the Interim Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

20. Amendments, Waivers

No amendment or waiver of any provisions of this Interim Financing Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the Interim Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

21. Timing

Time is of the essence in this Interim Financing Term Sheet and the Interim Credit Facility and all transactions contemplated thereby.

22. Severability

Each of the provisions contained in this Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

23. Notices

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission to such party in accordance with the Stalking Horse Agreement.

24. Further Assurances:

The Borrower will, at its own expense and promptly on demand by the Interim Lender at any time, do such acts and things and execute and deliver such documents as the Interim Lender may reasonably request to give effect to any of the provisions set out hereunder.

25. Assignment:

The Borrower shall not assign this Interim Financing Term Sheet or any of its rights or obligations set out herein without the prior written consent of the Interim Lender. The Interim Lender may assign or sell its rights or obligations with respect to this Interim Financing Term Sheet to any person without the prior written consent of the Borrower.

26. Governing Law:

The Interim Credit Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the

laws of the Province of Alberta and the laws of Canada applicable therein.

27. Currency:

All dollar amounts herein are in Canadian Dollars.

28. Counterparts

This Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission each of which shall be deemed to be an original hereof; provided that the Borrower will deliver to the Interim Lender executed wet ink signatures within three (3) business days of entering into this Interim Financing Term Sheet.

29. Acceptance:

This Interim Financing Term Sheet is open for acceptance until 5:00 p.m. (Calgary time) on **[February 5, 2024.]** The Borrower may accept this Interim Financing Term Sheet by returning a countersigned copy of this Interim Financing Term Sheet to the Interim Lender (by electronic transmission or personal delivery).

[Signature Page Follows]

Dated this ____ day of February, 2024.

2582568 ALBERTA INC.

By: _____

Name: James Costello

Title: Director

I have authority to bind the Corporation.

ACCEPTANCE

TO THE INTERIM LENDER:

For good and valuable consideration received, Tool Shed Brewing Company Inc. hereby accepts and agrees to comply with the provisions of the Interim Financing Term Sheet set out above.

Dated this ____ day of February, 2024.

TOOL SHED BREWING COMPANY INC.

By: _____
Name: Graham Sherman
Title: Founder

I have authority to bind the Corporation.

This is Exhibit "Y" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

Sale and Investment Solicitation Process

Introduction

1. On January 31, 2024, Tool Shed Brewing Company Inc. (the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to s 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) in Estate No. 25-3038201 (the “**NOI Proceeding**”).
2. KPMG Inc. is the proposal trustee for the Company in the NOI Proceeding (in such capacity, the “**Proposal Trustee**”).
3. It is anticipated that on February 12, 2024, the Company will apply to the Court of King’s Bench of Alberta (the “**Court**”) for an Order that, among other things: (a) approves this sale and investment solicitation process (the “**SISP**”), and (b) authorizes the execution by the Company of the stalking horse share purchase agreement between the Company and the Stalking Horse Bidder (as defined below) (the “**Stalking Horse Agreement**”) as the stalking horse bid for the purpose of conducting the SISP (the “**SISP Order**”).
4. The purpose of the SISP is to identify one or more financiers, purchasers of, and/or investors in the Company, the Business, and/or Property (each as defined below) to make an offer that is superior to the offer contemplated by the Stalking Horse Agreement, and to complete the transactions contemplated by any such offer, or by the Stalking Horse Agreement if no other offers are accepted.
5. This document (the “**SISP Procedures**”) outlines the SISP, which is comprised of one bidding phase and an auction, if required.
6. In this regard, the Proposal Trustee will conduct the SISP described herein with the assistance of, and in consultation with, the Company, and with the approval of the Court before any material sale or refinancing.
7. 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 shall be deemed to occur on the next Business Day.

Defined Terms

8. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the SISP Order and the Stalking Horse Agreement. In addition, in these SISP Procedures:
 - (a) “**Administration Charge**” has the meaning set forth in the Interim Financing Term Sheet;
 - (b) “**Assumed Liabilities**” has the meaning set forth in the Stalking Horse Agreement;
 - (c) “**Break Fee**” means the sum of \$60,000 (inclusive of GST, if any), which shall be paid to the Stalking Horse Bidder in the circumstances described herein;
 - (d) “**Business**” means on going operations, assets, and undertakings of the Company;
 - (e) “**Business Day**” means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta;

- (f) **“Closing Date”** means April 26, 2024, or such other date as the Company, the Proposal Trustee, and the Successful Bidder may agree, acting reasonably;
- (g) **“CRA”** means Canada Revenue Agency;
- (h) **“CRA Debt”** means source deductions owing by the Company to CRA, currently estimated at \$571,091.70;
- (i) **“Interim Lender”** means 2582568 Alberta Inc.;
- (j) **“Interim Lender’s Charge”** has the meaning set forth in the Interim Financing Term Sheet;
- (k) **“Interim Financing Term Sheet”** means the interim financing term sheet between the Company and the Interim Lender, dated February 5th, 2024;
- (l) **“Investment Proposal”** has the meaning given to it at paragraph 23;
- (m) **“Minimum Incremental Overbid”** means a cash (or a non-cash equivalent) value of at least \$20,000;
- (n) **“Property”** means all, substantially all, or certain of the assets, property, and undertakings of the Company;
- (o) **“Purchase Price”** has the meaning set forth in the Stalking Horse Agreement;
- (p) **“Purchased Shares”** has the meaning set forth in the Stalking Horse Agreement;
- (q) **“Recoverable Expenses”** has the meaning set forth in the Interim Financing Term Sheet;
- (r) **“Retained Assets”** has the meaning set forth in the Stalking Horse Agreement;
- (s) **“Sale Proposal”** has the meaning given to it at paragraph 23;
- (t) **“Stalking Horse Bidder”** means 2582568 Alberta Inc.;
- (u) **“Successful Bid”** shall have the meaning given to it in Section 35; and
- (v) **“Superior Offer”** means a credible, reasonably certain and financially viable third party offer for the investment in, or acquisition of some or all of the Property, the Company, or the Business, the terms of which offer are, in the determination of the Proposal Trustee, in consultation with the Company, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement, and which at a minimum includes: (i) payment in cash of the Purchase Price, the Recoverable Expenses, the Break Fee, one Minimum Incremental Overbid, any amounts outstanding under the Administration Charge and Interim Lender’s Charge at the closing of such transaction; and (ii) assumption or satisfaction of the Assumed Liabilities.

Stalking Horse Agreement

9. The Company has entered into the Stalking Horse Agreement with the Stalking Horse Bidder, pursuant to which, if there is no Successful Bid (as defined below) from a party other than the Stalking Horse Bidder, the Stalking Horse Bidder will, by virtue of and in accordance with the transactions set out in the Stalking Horse Agreement, acquire (directly or indirectly) the Post-Consolidation Shares and indirectly the Retained Assets, and Assumed Liabilities through acquiring ownership of the Company.
10. The Stalking Horse Agreement is attached hereto as **Schedule “A”**.

Opportunity

11. As stated above, the SISP is intended to solicit interest in, and opportunities for, the sale of, or investment in, the Business, the Property, or the Company (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 Company as a going concern, or a sale of all, substantially all, or one or more components of the Company’s Property and Business as a going concern or otherwise.

“As Is, Where Is”

12. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (as defined herein), the sale of the Business or all or any part of the Property or an investment in the Company will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Company, 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 Company 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.

Timeline

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

Milestone	Deadline
Commencement of the SISP	February 12, 2024
Bid Deadline (12:00 p.m. Calgary time)	March 11, 2024
Notice of Auction (if any)	March 13, 2024
Auction (if any)	March 19, 2024
Approval Application	April 15, 2024, or as soon as reasonably practicable
Closing Date	April 26, 2024

The dates set out in the SISP may be extended by the Proposal Trustee, in consultation with the Company.

SOLICITATION OF INTEREST: NOTICE OF THE SISP

14. As soon as reasonably practicable after the approval of the SISP by the Court:
- (a) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information which the Proposal Trustee, in consultation with the Company, considers appropriate) (the “**Notice**”) to be published in *Insolvency Insider* and any industry publication, website, newspaper, or journal as the Proposal Trustee, in consultation with the Company, considers appropriate, if any; and
 - (b) the Proposal Trustee, in consultation with the Company, 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 Company and the Proposal Trustee, and their respective counsel (an “**NDA**”).
15. The Proposal Trustee shall send the Teaser Letter to any party who requests a copy of the Teaser Letter and NDA or who is identified to the Company or the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

SEEKING QUALIFIED BIDS FROM QUALIFIED BIDDERS

Qualified Bidders

16. Any party who wishes to participate in the SISP (each, a “**Potential Bidder**”) must deliver to the Company and the Proposal Trustee on or before the Bid Deadline, unless the Proposal Trustee confirms to such Potential Bidder that the below documents were already provided to the satisfaction of, or are already available to, the Company and the Proposal Trustee:
- (a) an executed NDA which shall inure to the benefit of any investor or 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 Company or Proposal Trustee 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 Proposal Trustee;
 - (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 Company and the Proposal Trustee to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to close the contemplated transaction on or before the Closing Date and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction.
17. If the Company, in consultation with the Proposal Trustee, determine that a Potential Bidder has:
- (a) delivered the documents contemplated in paragraph 16 above; and

- (b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate the contemplated transaction,

then such Potential Bidder will be deemed to be a “**Qualified Bidder**”. For greater certainty, no Potential Bidder shall be deemed to be a Qualified Bidder without the approval of the Proposal Trustee, in consultation with the Company.

- 18. At any time during the SISP, the Company may, in its reasonable business judgment and after consultation with the Proposal Trustee and with the consent of the Proposal Trustee, eliminate a Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP.
- 19. 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 Company.

Due Diligence

- 20. The Proposal Trustee, in consultation with the Company, shall in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence material and information relating to the Property and Business as it or the Company deems appropriate. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Company, in its reasonable business judgment and after consulting with the Proposal Trustee, may agree.
- 21. Neither the Company nor the Proposal Trustee make any representations or warranty as to the information to be provided through the due diligence process or otherwise, regardless of whether such information is provided in written, oral or any other form, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Company and approved by the Court.
- 22. The Proposal Trustee shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Company nor the Proposal Trustee shall be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Company, in consultation with and with the approval of the Proposal Trustee, determine such information to represent proprietary or sensitive competitive information.

Qualified Bids

- 23. A Potential Bidder that wishes to make an offer to: (a) acquire the Business or all, substantially all or any part of the Property, including any offer to acquire some or all of the Company’s intellectual property, manufacturing equipment, accounts receivable and furniture, fixtures and equipment (a “**Sale Proposal**”), or (b) make an investment in the Company by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors or security holders (an “**Investment Proposal**”), must deliver written copies of a final, binding proposal (the “**Bid**”) that complies with all of the Qualified Bid requirements to the Proposal Trustee and the Company at

the addresses specified in **Schedule “B”** hereto (including by e-mail) so as to be received by them on or before the Bid Deadline.

24. A Bid will be considered a Qualified Bid only if it is submitted by a Qualified Bidder and the Bid complies with, among other things, the following (a “**Qualified Bid**”):

- (a) Timing: it is submitted on or before the Bid Deadline;
- (b) Sale Proposal: in the case of a Sale Proposal, it contains the following:
 - (i) a duly authorized and executed definitive and binding asset purchase agreement, together with all completed schedules thereto, which includes all or substantially all of the material terms and conditions of the transaction, including identification of the Business or the Property to be acquired, the obligations to be assumed, the purchase price for the Business or Property to be acquired in Canadian dollars, and key assumptions supporting the valuation;
 - (ii) a specific indication of the financial capability of the Qualified Bidder and the structure and financing of the transaction; and
 - (iii) any other terms or conditions of the Sale Proposal that the Qualified Bidder believes are material to the transaction;
- (c) Investment Proposal: in the case of an Investment Proposal, it contains the following:
 - (i) a duly authorized and executed binding term sheet which includes all or substantially all of the material terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including from sources of such capital, the underlying assumptions regarding the *pro forma* capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Company, and the debt, equity, or other securities, if any, proposed to be allocated to creditors of the Company; and
 - (ii) any other terms or conditions of the Investment Proposal that the Qualified Bidder believes are material to the transaction;
- (d) Deposit: it is accompanied by a cash deposit in an amount equal to 15% of the purchase price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) that shall be paid to the Proposal Trustee in trust, to be held and dealt with in accordance with this SISP;
- (e) Irrevocable Bid: it contains a letter stating that the Bid is irrevocable until Court approval of the Successful Bid;
- (f) Financial Commitment: it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing, or other evidence of ability to consummate the proposed transaction;

- (g) Identification: it fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating in or benefiting from such bid;
- (h) No Collusion: it provides a written confirmation that the Qualified Bidder has not engaged in any collusion with any other bidder;
- (i) Authorization: it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);
- (j) No Break or Termination Fee: it does not include any request for or entitlement to any break fee or termination fee, expense reimbursement or similar type of payment, and confirmation that it shall be responsible for all of its costs and expenses associated with conducting due diligence and submitting a Bid;
- (k) Unconditional Bid: it is not conditional upon:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder;
 - (ii) obtaining financing; or
 - (iii) any other material closing conditions;
- (l) Superior Offer: the bid constitutes a Superior Offer; and
- (m) Closing Date: it contemplates closing the transaction set out therein on or before April [26], 2024.

25. All Bids will be considered, but the Proposal Trustee, in consultation with the Company, reserves the right to reject any and all Bids in its sole discretion.

26. Notwithstanding anything else in these SISP Procedures, the Stalking Horse Bidder is deemed to be a Qualified Bidder and the Stalking Horse Agreement is deemed to be a Qualified Bid for all purposes and at all times. No deposit is required in connection with the Stalking Horse Agreement.

No Qualified Bids

27. If none of the Qualified Bids received by the Proposal Trustee constitute a Superior Offer, the Stalking Horse Bidder shall be declared the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

If a Superior Offer is Received

28. Following the Bid Deadline, the Proposal Trustee, in consultation with the Company, will assess the Qualified Bids.

29. If the Proposal Trustee, in consultation with the Company, determines that one or more of the Qualified Bids constitutes a Superior Offer, the Proposal Trustee shall provide the parties making Superior Offers and the Stalking Horse Bidder the opportunity to make further bids through the auction process set out below (the "**Auction**").

Auction

30. If the Auction is to be held, the Proposal Trustee shall send notice (the “**Auction Notice**”) by email to the Stalking Horse Bidder and all Qualified Bidders that submitted a Superior Offer and invite such bidders to participate in the Auction on or before 12:00 p.m. Calgary time on March 13, 2024.
31. The Auction Notice shall include, amongst other things: (a) the date, time and location of the Auction and (b) a copy of the highest or otherwise best Superior Offer(s) (the “**Starting Bid**”).
32. The Proposal Trustee will conduct an Auction commencing at 10:00 a.m. Calgary time on March 19, 2024 at the offices of the Proposal Trustee’s legal counsel, MLT Aikins LLP, at 2100 Livingston Place, 222 3rd Ave SW, Calgary, AB, or such other location as shall be identified in the Auction Notice timely communicated to all entities entitled to attend at the Auction, which Auction may be adjourned by the Proposal Trustee, in consultation with the Company.
33. If a Qualified Bidder intends to participate in the Auction, it must advise the Proposal Trustee of such intention in writing prior to 12:00 p.m. Calgary time at least two (2) business days prior to the Auction (a “**Participation Notice**”). If the only Participation Notice is received from the Qualified Bidder that submitted the Starting Bid, that Qualified Bidder shall be deemed to be the Successful Bidder, subject to Court approval.
34. If at least two (2) Participation Notices are received (the parties who so inform the Proposal Trustee that they intend to participate are hereinafter referred to as the “**Auction Bidders**”), the Auction shall run in accordance with the following procedures:
 - (a) during the afternoon of the day that is prior to the Auction, the Proposal Trustee shall make itself available to meet with each of the Auction Bidders to review the procedures for the Auction, and the manner by which Subsequent Bids (as defined below) shall be evaluated during the Auction;
 - (b) only representatives of the Auction Bidders, the Proposal Trustee, and such other persons as permitted by the Proposal Trustee (and the advisors to each of the foregoing entities) are entitled to attend the Auction in person (and the Proposal Trustee shall have the discretion to allow such persons to attend by videoconference);
 - (c) the Proposal Trustee shall make arrangements to take notes of the Auction;
 - (d) 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 or investment;
 - (e) only the Auction Bidders will be entitled to make any Subsequent Bids at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder’s Qualified Bid shall nevertheless remain fully enforceable against such Qualified Bidder if it is selected as the Successful Bid;
 - (f) all Subsequent Bids presented during the Auction shall be made and received in one room on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders at the Auction and that all

material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;

- (g) all Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present in person at the Auction;
- (h) the Proposal Trustee may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids, 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 the SISP Procedures, general practice in insolvency proceedings, or the SISP Order or; (ii) disclosed to each Auction Bidder at the Auction;
- (i) 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 (a “**Subsequent Bid**”) that the Proposal Trustee determines is (A) for the first round, a higher or otherwise better offer than the Starting Bid, and (B) 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. After the first round of bidding and between each subsequent round of bidding, the Proposal Trustee shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (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;
- (j) to the extent not previously provided (which shall be determined by the Proposal Trustee), an Auction Bidder submitting a Subsequent Bid must submit, at the Proposal Trustee’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 Proposal Trustee), demonstrating such Auction Bidder’s ability to close the transaction proposed by the Subsequent Bid. For greater certainty, if the Stalking Horse Bidder submits a Subsequent Bid, this paragraph shall only apply to the Stalking Horse Bidder if the cash portion of the Purchase Price in the Stalking Horse Bidder’s Subsequent Bid is in excess of any cash portion of the Purchase Price in the Stalking Horse Agreement;
- (k) the Proposal Trustee 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 Proposal Trustee 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 Proposal Trustee with such additional evidence as the Proposal Trustee, in its reasonable business judgment, may require that that Auction Bidder (including, as may be applicable, the Stalking Horse 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;
- (l) the Stalking Horse Bidder shall be permitted, in its sole discretion, to submit Subsequent Bids, provided, however, that such Subsequent Bids are made in accordance with these SISP Procedures (modified as necessary to reflect and include the non-cash credit bid component of the Stalking Horse Agreement);

- (m) if, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed;
 - (n) the Auction shall be closed within five (5) Business Days of the start of the Auction unless extended by the Proposal Trustee; and
 - (o) no bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
35. At the end of the Auction, the Proposal Trustee, in consultation with the Company, shall identify the winning bid (the “**Successful Bid**”). Once a definitive agreement has been negotiated and settled in respect of the Successful Bid as selected by the Proposal Trustee, in consultation with the Company (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. If the Successful Bidder is a party other than the Stalking Horse Bidder, the Proposal Trustee shall pay the Stalking Horse Bidder the Break Fee, immediately after closing, from the Successful Bidder’s payment of cash at closing.

Transaction Approval Application Hearing

36. The Company shall apply to the Court (the “**Approval Application**”) for an order approving the Successful Bid as soon as practicable following the determination by it and the Proposal Trustee of the Successful Bidder and the execution of definitive documents. The Company will be deemed to have accepted the Successful Bid only when it has been approved by the Court.
37. All Qualified Bids and Subsequent Bids (other than the Successful Bid) shall be deemed rejected on and as of the date and of approval of the Successful Bid by the Court, but not before, and shall remain open for acceptance until that time.

Deposits

38. All Deposits shall be retained by the Proposal Trustee in a non-interest-bearing trust account located at a financial institution in Canada.
39. If there is a 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 and shall be non-refundable.
40. The Deposit(s) from all Qualified Bidders submitting Qualified Bids that do not constitute a Successful Bid shall be returned to such Qualified Bidder within five (5) Business Days of Court approval of the Successful Bid.
41. If the Qualified Bidder making a Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, it shall forfeit its Deposit to the Proposal Trustee 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.
42. If the Company is 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), then the Deposit shall be returned to the Successful Bidder.

Approvals

43. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the applicable law in order to implement a Successful Bid.

Supervision of the SISP

44. The Proposal Trustee shall oversee, in all respects, the conduct of the SISP, and will participate in the SISP in the manner set out in the SISP Procedures.
45. The Company and the Proposal Trustee will generally consult with the other in respect of all matters arising out of this 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.
46. The Proposal Trustee, in consultation with the Company, may waive compliance with any one or more of the requirements of the SISP Procedures, including, for greater certainty, waive strict compliance with any one or more of the requirements specified above and deem a non-compliant bid to be a Qualified Bid, excepting the requirement that the bid be a Superior Offer pursuant to Section 25(1);.
47. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Company or the Proposal Trustee and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Company.
48. Without limiting the preceding paragraph, neither the Company nor the Proposal Trustee shall have any liability whatsoever to any person or party, including without limitation any Potential Bidder, the Stalking Horse Bidder, Qualified Bidder, the Successful Bidder, the Company, or any creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by the SISP Procedures. By submitting a bid, each Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Company or the Proposal Trustee for any reason, matter or thing whatsoever related to this SISP.
49. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
50. Subject to the terms of the SISP Order, the Company shall have the right to modify the SISP 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 Proceeding shall be advised of any substantive modification to the procedures set forth herein.
51. In order to discharge its duties in connection with the SISP, the Company and Proposal Trustee may engage professional or business advisors or agents as the Company and Proposal Trustee deems fit in its sole discretion.

Confidentiality and Access to Information

52. All discussions regarding the Opportunity or the Bid should be directed through the Proposal Trustee.
53. 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, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Company, the Proposal Trustee and such other bidders or Potential Bidders in connection with the SISP.
54. The Proposal Trustee may consult with any parties with a material interest in the NOI Proceeding regarding the status of and material information and developments relating to the SISP, provided that such parties shall have entered into confidentiality arrangements satisfactory to the Company and the Proposal Trustee.

Further Orders

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

SCHEDULE "A"

STALKING HORSE AGREEMENT

SCHEDULE "B"

NOTICE SCHEDULE

To the Company

Tool Shed Brewing Company Inc.

Attention: Graham Sherman

Email: graham@toolshed.beer

with a copy to

Miller Thomson LLP

3000, 700 – 9th Avenue SW

Calgary, Alberta T2P 3V4

Attention: James Reid

Email: jwreid@millerthomson.com

To the Proposal Trustee:

KPMG Inc.

205 5th Avenue SW, Suite 3100

Calgary, AB T2P 4B9

Phone: 403-450-6716

Attention: Joe Sithole

Email: jsithole@kpmg.ca

with a copy to

MLT Aikins LLP

2100 Livingston Place, 222 3 Ave SW,

Calgary, AB T2P 0B4

Attention: Catrina Webster/Ryan Zahara

Email: cwebster@mltaikins.com/rzahara@mltaikins.com

This is Exhibit "Z" referred to in the Affidavit of
James Costello sworn before me this 5th day of
February 2024

David Josiah Allison

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

David Josiah Allison
Student-at-Law
Notary Public & Commissioner for Oaths
in and for the Province of Alberta

SHARE PURCHASE AGREEMENT

This Agreement is made as of the [●] day of [●], 2024 (the “**Effective Date**”)

AMONG:

TOOL SHED BREWING COMPANY INC., a corporation
incorporated pursuant to the laws of the Province of Alberta (the
“**Company**”)

– and –

2582568 ALBERTA INC., or its nominee (the “**Purchaser**”)

WHEREAS:

A. The Company filed a Notice of Intention to Make a Proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) on January 31, 2024, and KPMG Inc. consented to act as the proposal trustee (in such capacity, the “**Proposal Trustee**”) for the proceedings commenced by the NOI (the “**Proposal Proceedings**”).

B. The Company has determined it is in the best interests of the creditors and stakeholders of the Company to conduct a Sales Process (as that term is defined herein) pursuant to which potential offerors may submit offers to purchase the assets of the Company, namely, the property located at Premises (“**Property**”).

C. The Purchaser, subject to: (i) the Court approvals; (ii) completion of the Sales Process; and (iii) determination by the Company and Proposal Trustee that none of the offers made by Third Parties pursuant to the Sales Process constitutes a Superior Offer resulting in a Successful Bid; has agreed to make a “stalking horse bid” for 100% of the equity of the Company in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act*, R.S.A. 2000, c.B-9.

“**Agreement**” means this share purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Proposal Trustee, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“Applicable Law” means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“Approval and Reverse Vesting Order” means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing this Agreement and the Transaction.

“Assumed Contracts” means the Contracts listed in Schedule “F”, as the same may be modified by the Purchaser prior to Closing in accordance with the terms hereof (and including as such Assumed Contracts may be amended, restated, supplemented or otherwise modified from time to time).

“Assumed Liabilities” means: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule “E”, as the same may be modified by the Purchaser prior to Closing in accordance with the terms hereof; and (b) all Liabilities which relate to: (i) any Permits and Licenses forming part of the Retained Assets; and (ii) the Business under any Assumed Contracts; in each case, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

“Authorization” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

“Books and Records” means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company or any of its Affiliates including information, documents and records relating to the Assumed Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“Break Fee” means \$60,000.00.

“Business” means the business conducted by the Company being a producer of alcoholic and non-alcoholic beverages, and operation of a restaurant space.

“Business Day” means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

“Claims” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default,

assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“Closing” means the closing and consummation of the Transaction.

“Closing Date” means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Company, after the date upon which the conditions set forth in Article 8 have been satisfied or waived, other than any conditions set forth in Article 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Company and the Purchaser in writing).

“Closing Time” means 12:01 a.m. (Calgary time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“Consolidation and Cancellation” means the consolidation of all New Common Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional New Common Shares and Existing Shares in accordance with Article 2.

“Consolidation Ratio” means the ratio by which all New Common Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Company and the Proposal Trustee, given the intended effect of the Transaction.

“Contracts” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which the Company is a party or by which such entity is bound or in which such entity has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“Company” means Tool Shed Brewing Company Inc.

“Court” means the Court of King’s Bench of Alberta.

“Discharge” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“Effective Date” has the meaning set out in the preamble hereto.

“Employee” means any individual who is employed by the Company as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long-term disability leave.

“Encumbrance” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“Equity Interests” has the meaning set out in section 2 of the BIA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement

to shares in the capital of the Company, but for greater certainty, does not include the Post-Consolidation Shares.

“**Excise Tax Act**” means the *Excise Tax Act*, R.S.C., 1985, c. E-15.

“**Excluded Assets**” means the properties, rights, assets and undertakings of the Company listed as “Excluded Assets” on Schedule “A”, as the same may be modified by the Purchaser prior to Closing in accordance with the terms hereof.

“**Excluded Contracts**” means those contracts and other agreements of the Company that are not Assumed Contracts and for greater certainty, includes those contracts and agreements which are listed on Schedule “B”, as the same may be modified by the Purchaser prior to Closing in accordance with the terms hereof.

“**Excluded Liabilities**” has the meaning set out in Section 2.2(a).

“**Existing Shares**” means all of the common shares of the Company that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, does not include the New Common Shares or the Post-Consolidation Shares.

“**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“**GST/HST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

“**Income Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Interim Facility**” means the funds advanced from the Purchaser as lender to the Company as borrower pursuant to the terms of the Interim Financing Term Sheet.

“**Interim Financing Funds**” means the funds outstanding between the Company and the Purchaser from time to time pursuant to the terms of the Interim Financing Term Sheet.

“**Interim Financing Term Sheet**” means the term sheet entered into between the Purchaser as lender and the Company as borrower for the provision of the Interim Financing.

“**Interim Period**” means the period from the Effective Date to the Closing Time.

“**Landlord**” means York Realty Inc.

“**Lease**” means the lease agreement dated between the Landlord and the Company, as amended, modified or extended from time to time.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“New Common Shares” means the common shares of the Company to be issued to the Purchaser as part of Closing in exchange for the Purchase Price.

“NOI” has the meaning set out in the recitals hereto;

“Organizational Documents” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“Outside Date” means 11:59 pm (Calgary time) on April 30, 2024, or such later date and time as the Company and the Purchaser may agree to in writing.

“Parties” means the Company and the Purchaser and **“Party”** means either one of them.

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“Permits and Licenses” means the orders, permits, licenses, Authorizations, approvals, registrations, consents, waivers or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority, including: (i) those related to the Business, the Retained Assets and the Assumed Contracts; and (ii) those set out in Schedule **“D”**.

“Post-Consolidation Shares” means the common shares of the Company that will remain after the Consolidation and Cancellation, which shall: (a) represent 100% of the issued and outstanding common shares of the Company after the Consolidation and Cancellation; and (b) be solely owned and controlled by the Purchaser.

“Premises” means 9, 10, & 11 801 – 30th Street NE, Calgary, Alberta.

“Property” has the meaning ascribed that term in the recital hereto.

“Proposal Proceedings” has the meaning set out in the recitals hereto.

“Proposal Trustee’s Certificate” has the meaning set out in Section 8.1(d).

“Purchase Price” has the meaning set out in Section 3.1.

“Purchaser” means 2582568 Alberta Inc. or its nominee.

“Reorganization Transactions” means the transactions, acts or events described in Exhibit **“A”**, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof and the Approval and Reverse Vesting Order, which unless otherwise expressly provided therein are to occur immediately prior to the Closing Time or as otherwise set out in Exhibit **“A”**.

“ResidualCo” means a corporation to be incorporated as a wholly owned subsidiary of the Company, to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Reorganization Transactions.

“Retained Assets” has the meaning set out in Section 4.1.

“Sales Process” means the sales and investment solicitation process to be approved by the Court in relation to the Property, the procedure for which is described in the Stalking Horse Procedure.

“Sales Process Order” means the order of the Court, in form and substance satisfactory to the Purchaser, to be sought by Vendor, establishing among other things, the Sale Process.

“Stalking Horse Procedure” means the procedure to be followed with respect to the Sales Process, substantially in the form attached as Schedule G, and to be approved by the Sales Process Order.

“Successful Bid” has the meaning given to it in the Stalking Horse Procedure.

“Superior Offer” has the meaning given to it in the Stalking Horse Procedure.

“Taxes” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“Transaction” means all of the transactions contemplated by this Agreement, including the issuance, purchase and sale of the New Common Shares whereby the Purchaser will acquire ownership of the Company.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Company or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

EXHIBITS

Exhibit A - Reorganization Transactions

SCHEDULES

Schedule A - Excluded Assets
Schedule B - Excluded Contracts
Schedule C - Excluded Liabilities
Schedule D - Permits and Licenses
Schedule E - Assumed Liabilities
Schedule F - Assumed Contracts
Schedule G - Stalking Horse Procedure
Schedule H - Form of Approval and Reverse Vesting Order

The Parties acknowledge that as of the Effective Date, the Schedules are not complete. The Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser at or before Closing by written notice to the Company.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase of New Common Shares and Treatment of Existing Shares

Subject to the terms and conditions of this Agreement, effective as of the Closing Time, the Company shall take the following steps:

- (a) Share Issuance. The Company shall issue the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Company and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.

- (b) Share Consolidation. The Company's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (c) Share Cancellation. Any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
- (d) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Interests shall be fully, finally, irrevocably and forever compromised, released, Discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.

2.2 Excluded Liabilities

- (a) Pursuant to the Approval and Reverse Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Company or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "C", (collectively, the "Excluded Liabilities") shall be excluded and will no longer be binding on the Company, the Retained Assets, Employees, or Books and Records following the Closing Time.
- (b) Subject to the Reorganization Transactions and pursuant to the Approval and Reverse Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Reverse Vesting Order. The Company, the Retained Assets, and the Company's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the New Common Shares shall be estimated to be approximately \$1,215,000.00 (the "Purchase Price"). The Purchase Price shall be paid and satisfied in accordance with Section 3.2.

3.2 Satisfaction of Purchase Price

The Purchaser shall pay the Purchase Price in accordance with the following:

- (a) Landlord Payment. The amount required to bring the Lease into good standing, being \$14,057.82, shall be paid by the Purchaser to the Landlord's counsel by wire transfer of immediately available funds three (3) days prior to Closing, to be held in escrow and released immediately upon Closing; and
- (b) Assumed Liabilities. An amount equal to the value of the Assumed Liabilities, all as set out on Schedule "E", which the Company shall retain on the Closing Date in accordance with the Reorganization Transactions, shall be satisfied by the Company performing the Assumed Liabilities as and when they become due.

ARTICLE 4 TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Company shall retain all of the assets owned by it on the Effective Date and any assets acquired by it up to and including Closing, all equipment, Assumed Contracts, Books and Records, Business and undertakings (the "**Retained Assets**"), excluding amounts paid in the Interim Period in accordance with the Sale Process Order and the approval of the Proposal Trustee. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts; which shall be transferred to ResidualCo in accordance with the Reorganization Transactions, and same shall be vested in ResidualCo pursuant to the Approval and Reverse Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

In accordance with the Reorganization Transactions and the Approval and Reverse Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo. Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Company and the Retained Assets as of, from and after the Closing Time.

4.3 Tax Matters

Pursuant to the Approval and Reverse Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Company

The Company hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (Alberta), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

- (b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Reverse Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.
- (c) No Conflict. The execution, delivery and performance by the Company of this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Sales Process Order and the Approval and Reverse Vesting Order.
- (e) Issuance of New Common Shares and Post-Consolidation Shares. At Closing, the Purchaser will be the sole registered and beneficial owner of the New Common Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Reverse Vesting Order, and such shares will be: (i) duly authorized and validly issued as fully paid and non-assessable; (ii) issued by the Company in compliance with all applicable corporate and securities laws. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Company and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Reverse Vesting Order. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable; (ii) issued by the Company in compliance with all applicable corporate and securities laws; and (iii) there will be no issued and outstanding common shares or other securities of the Company other than the Post-Consolidation Shares, nor will there be any securities convertible into, or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for, common shares or any other securities of the Company.
- (f) Proceedings. There are no proceedings pending against the Company or, to the knowledge of the Company, threatened, with respect to, or in any manner affecting, title to the New Common Shares, the Post-Consolidation Shares or the Retained Assets, or which would reasonably be expected to enjoin, delay, restrict or prohibit the issuance and transfer of all or any part of the New Common Shares, the Post-Consolidation Shares, the Retained Assets or the Closing of the Transaction as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement.
- (g) No Consents or Authorizations. Subject only to obtaining the Approval and Reverse Vesting Order, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (h) Residency. The Company is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

- (i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any New Common Shares, Post-Consolidation Shares or Retained Assets.

5.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company as of the date hereof and as of the Closing Time, and acknowledges that, the Company is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Sales Process Order and the Approval and Reverse Vesting Order.
- (b) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

5.3 As is, Where is

The representations and warranties of the Company shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, it will acquire the Post-Consolidation Shares (and for clarity, through this acquisition indirectly the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever in relation to the Retained Assets.

ARTICLE 6 COVENANTS

6.1 Closing Date

Subject to the terms and conditions set out in this Agreement, the Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

6.2 Permits and Licenses

The Parties shall cooperate and work together in good faith, assist with submissions, share information and make any other efforts required to obtain any approval, Authorization, third-party consent, or Permits and Licences from any Governmental Authority necessary to effect the Closing.

6.3 Sale Process

This Agreement shall constitute the Stalking Horse Agreement for the purposes of the Sales Process (as described in the Stalking Horse Procedure). Provided the Sales Process Order and Approval and Reverse Vesting Order are granted by the Court, the obligation of the Purchaser to purchase the New Common Shares, and the obligation of the Company to sell the New Common Shares and to consummate the

Consolidation and Cancellation pursuant hereto, is subject to the Sales Process and the satisfaction of all conditions therein. Notwithstanding the foregoing, the Parties hereby acknowledge and agree as follows:

- (a) The Company shall prepare all materials and shall as soon as reasonably practicable after execution of this Agreement: (i) bring an application for the issuance of the Sales Process Order in the Court; and (ii) serve such parties as the Court and the Purchaser, acting reasonably, may require for applications and motions seeking the entry of the Sales Process Order. The Purchaser, at its own expense, shall promptly provide to the Company all such information and assistance within the Purchaser's power as the Company may reasonably request to obtain the Sales Process Order, including such information as may be required to reasonably evaluate the Purchaser's financial ability to perform their obligations hereunder. The application for the Sales Process Order may be adjourned or rescheduled by the Company or their representatives upon notice to the Purchaser.
- (b) Provided that the Sales Process Order is granted by the Court, the Company shall comply with the procedures and timelines set out in the Stalking Horse Procedure and shall not waive any provision of, or apply to the Court to amend, or consent to any application by any Person for the amendment of, the Stalking Horse Procedure without the prior written consent of the Purchaser, acting reasonably.
- (c) In the event that:
 - (i) the Company (in consultation with the Proposal Trustee) determines that none of the offers made by third parties (if any) pursuant to the Sales Process constitute a Superior Offer;
 - (ii) a Successful Bid is made by the Purchaser pursuant to the Sales Process;
 - (iii) a Successful Bid by a third party is not approved by the Court; or
 - (iv) a Successful Bid by a third party is not completed;then, as soon as reasonably practicable, each of the Company and the Purchaser shall take all actions reasonably necessary to have this Agreement and the Transaction approved pursuant to the Approval and Reverse Vesting Order and, specifically, the Company shall: (a) bring an application for the issuance of the Approval and Reverse Vesting Order in the Court; and (b) serve such parties as the Court and the Purchaser, acting reasonably, may require for applications and motions seeking the entry of the Approval and Reverse Vesting Order. The Purchaser, at its own expense, shall promptly provide to the Company all such information and assistance within the Purchaser's power as the Company may reasonably request to obtain the Approval and Reverse Vesting Order, including such information as may be required to reasonably evaluate the Purchaser's financial ability to perform their obligations hereunder. The application for the Approval and Reverse Vesting Order may be adjourned or rescheduled by the Company or their Representatives upon notice to the Purchaser.
- (d) In the event that a Superior Offer by a third party becomes a Successful Bid that is approved by the Court and is subsequently consummated, then, immediately following the completion of the transaction contemplated by the Successful Bid, the Proposal Trustee shall pay to the Purchaser a break fee in the amount of \$60,000.00, being an amount equal to approximately five (5%) percent of the Purchase Price (the "**Break Fee**") from the proceeds of the Successful Bid.
- (e) Upon the successful completion of the transaction contemplated by the Successful Bid by a third party: (i) this Agreement shall automatically terminate; (ii) the Company and the

Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction, other than the Break Fee described in Section 6.3(d);

- (f) Nothing shall prohibit the Company or the Proposal Trustee from disclosing this Agreement, the terms and conditions of the Transaction or any other documents or information required or desirable to be disclosed pursuant to, and for the purposes of, the Sales Process.

6.4 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Reverse Vesting Order and the Reorganization Transactions), the Company shall continue to maintain the Business, operations of the Company and Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws and Permits and Licenses.

6.5 Access During Interim Period

During the Interim Period, the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets.

6.6 Insurance Matters

Until Closing, the Company shall keep in full force and effect all existing insurance policies and give any notice or present any Claim under any such insurance policies consistent with past practice in the ordinary course of business.

6.7 ResidualCo

On the Closing Date, the Company shall convey all of the issued and outstanding shares of ResidualCo to the Proposal Trustee to hold as agent and bare trustee on behalf of the holders of Existing Shares immediately prior to the Consolidation and Cancellation as their interests. The Proposal Trustee shall not have any obligation or duty to take any action, step or otherwise in respect of such shares subject to an Order of the Court in the Proposal Proceeding.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

7.2 Reorganization Transactions

- (a) Subject to the other terms of this Agreement, the Company shall effect the Reorganization Transactions on the terms and using the steps set out at Exhibit “A”.
- (b) The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do

such other acts and things as are necessary to give effect to the Reorganization Transactions.

7.3 Company's Closing Deliveries

At or before the Closing Time, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Reverse Vesting Order, as issued and entered by the Court;
- (b) share certificates representing the Post-Consolidation Shares;
- (c) a certificate of an officer of the Company dated as of the Closing Date confirming that all of the representations and warranties of the Company contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Company has performed in all material respects the covenants to be performed by it prior to the Closing Time;
- (d) the Organizational Documents of the Company and the corporate Books and Records; and
- (e) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.4 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Company (or to the Proposal Trustee, as applicable), the following:

- (a) evidence satisfactory to the Company and Proposal Trustee, acting reasonably, of the Landlord payment contemplated in Section 3.2(b) being made;
- (b) a certificate of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and
- (c) such other agreements, documents and instruments as may be reasonably required by the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Sales Process Order and Approval and Reverse Vesting Order. The Court shall have issued and entered the Sales Process Order and the Approval and Reverse Vesting Order, neither of which shall have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been

fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.

- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.
- (d) Proposal Trustee's Certificate. The Proposal Trustee shall have provided an executed certificate of the Proposal Trustee substantially in the form attached to the Approval and Reverse Vesting Order (the "**Proposal Trustee's Certificate**") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Company.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Reorganization Transactions. The Reorganization Transactions shall have been completed in the order and in the timeframes contemplated hereunder.
- (b) Company's Deliverables. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.3.
- (c) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (d) No Breach of Covenants. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company on or before the Closing Date.
- (e) ResidualCo. Pursuant to the Approval and Reverse Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets; and (iii) the Company and its Business and property (including the Retained Assets) shall have been released and forever Discharged of all Claims and Encumbrances (other than Assumed Liabilities, if any) such that, from and after Closing the Business and property of the Company shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (f) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that

remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 8.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Company to terminate this Agreement.

8.3 Conditions Precedent in favour of the Company

The obligation of the Company to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 7.4.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 8.3 may be waived by the Company in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Company only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Company may elect on written notice to the Purchaser to terminate the Agreement.

8.4 Proposal Trustee's Certificate

The Parties acknowledge and agree that the Proposal Trustee shall be entitled to deliver to the Purchaser, and file with the Court, the executed Proposal Trustee's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Proposal Trustee shall have no Liability to the Parties in connection therewith.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Company (with the consent of the Proposal Trustee) and the Purchaser; or

- (b) by the Company (with the consent of the Proposal Trustee) or the Purchaser upon written notice to the other Party if the Closing has not occurred on or prior to the Outside Date; provided that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder.

ARTICLE 10 GENERAL

10.1 Access To Books And Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of ResidualCo) to comply with Applicable Law, the Purchaser shall cause the Company to retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of ResidualCo, including the Proposal Trustee) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

2582568 ALBERTA INC.

Attention: James Costello

Email: james@toolshed.beer

with a copy (which shall not constitute notice) to:

McLeod Law

Manulife Place

500, 707 - 5 Street SW

Calgary, AB T2P 1V8

Attention: Robert Fooks

Email: rtfooks@mcleod-law.com

- (b) in the case of the Company, as follows:

TOOL SHED BREWING COMPANY INC.

Calgary, Alberta

Attention: Graham Sherman

Email: graham@toolshed.beer

with a copy (which shall not constitute notice) to:

Miller Thomson LLP
525 – 8th Avenue SW, Floor 43
Eighth Avenue Place East
Calgary, Alberta
T2P 1G1

Attention: James Reid
Email: jwreid@millerthomson.com

- (c) in each case, with a further copy to the Proposal Trustee as follows:

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary, AB
T2P 4B9

Attention: Joe Sithole
Email: jsithole@kpmg.ca

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Announcements

The Company shall be entitled to disclose this Agreement to the Court and parties in interest in the Proposal Proceedings, other than any information which the Purchaser advises the Company in writing as being confidential, and this Agreement may be posted on the Proposal Trustee's website maintained in connection with the Proposal Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Company or any of its Affiliates under Applicable Laws, the Company shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transaction contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

10.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Company and the Purchaser.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency, except to the extent that the provisions of this Agreement conflict with the Sales Process Order or the Approval and Reverse Vesting Order.

10.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Alberta therefrom.

10.10 Assignment

- (c) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Reverse Vesting Order, in whole or in part, without the prior written consent of the Company, ResidualCo or the Proposal Trustee, provided that: (i) such assignee is a related party of the Purchaser including, for certainty, an entity that is majority owned or controlled by the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Company and the Proposal Trustee; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.
- (d) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Company without the consent of the Purchaser.

10.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

10.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

10.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.14 Proposal Trustee's Capacity

In addition to all of the protections granted to the Proposal Trustee under the BIA or any order of the Court in the Proposal Proceeding, the Company and the Purchaser acknowledge and agree that the Proposal Trustee, acting in its capacity as Proposal Trustee of the Company and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Proposal Trustee.

10.15 Independent Legal Advice

The Purchaser acknowledges having declined to seek independent legal advice despite being given the opportunity to do so, and being advised to do so, with respect to the terms of this Agreement and the Transaction. The Purchaser further acknowledges and agrees that the Purchaser has reviewed this Agreement, understands the terms, and understands its rights and obligations hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

TOOL SHED BREWING COMPANY INC.

By: _____
Name: Graham Sherman
Title: Director

I have authority to bind the Corporation.

2582568 ALBERTA INC.

By: _____
Name: James Costello
Title: Director

I have authority to bind the Corporation.

EXHIBIT "A"
REORGANIZATION TRANSACTIONS

Pre-Closing

1. ResidualCo shall be incorporated as a subsidiary of the Company with nominal consideration for common shares.

Upon Closing

The following steps shall be deemed to happen concurrently:

2. Share Issuance, Consolidation, Cancellation:
 - a. The Company shall issue, assign and transfer the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Company and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.
 - b. The Company's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
 - c. Any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
 - d. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.
3. The Excluded Assets and Excluded Liabilities shall be transferred to and vest in ResidualCo pursuant to the Approval and Reverse Vesting Order. All Claims attaching to the Excluded Assets and Excluded Liabilities shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.
4. The Company shall convey all of the issued and outstanding shares of ResidualCo to the Proposal Trustee as agent and bare trustee for the holders of the Existing Shares.

SCHEDULE "A"
EXCLUDED ASSETS

The following is an exhaustive list of the Excluded Assets:

1. Excluded Contracts.

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "B"
EXCLUDED CONTRACTS

The following is a non-exhaustive list of the Excluded Contracts:

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "C"
EXCLUDED LIABILITIES

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.
2. Any and all Liabilities relating to amounts outstanding to shareholders or holders of convertible notes, debentures, or other similar securities or debt instruments of the Company as at the Closing Time
3. Any and all Liabilities pertaining to the administration of the Proposal Proceedings including, without limitation, under any court-ordered charge granted therein.
4. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.
6. Any and all Liabilities that are not Assumed Liabilities.

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "D"
PERMITS AND LICENSES

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "E"
ASSUMED LIABILITIES

The following is an exhaustive list of Assumed Liabilities:

1. All Priority Payments, including but not limited to all amounts due and owing by the Company on account of source deductions to the Canada Revenue Agency, in the approximate amount of \$571,091.70.
2. All amounts owing to Miller Thomson LLP, KPMG LLP, and MLT Aikins LLP and paid in the ordinary course as the amounts come due, under the Administration Charge pursuant to the Sale Process Order, as amended and/or restated from time to time, and such further order of the Court as may be granted, being up to \$250,000.00
3. All amounts owing to the Interim Lender under the Interim Facility including Recoverable Expenses and interest, under the Interim Lender's charge pursuant to the Sale Process Order, as amended and/or restated from time to time, and such further order of the Court as may be granted, being up to \$300,000.00 in accordance with the Interim Financing Term Sheet.
4. All amounts owing to James Costello and Graham Stephen for services rendered up to and including the Closing Date, which for certainty, such amounts will not form part of the Purchase Price.
5. All amounts owing to Miller Thomson LLP for pre-filing work prior to the Proposal Proceedings being approximately \$80,000.00.
6. **[Balances payable to Ecolab, Cintas, BSG, Falcon Systems]**

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "F"
ASSUMED CONTRACTS

The following is an exhaustive list of Assumed Contracts:

1. Lease Agreement dated September 21, 2017 between York Realty Inc. and Tool Shed Brewing Company Inc.
2. [Ecolab lease; need details]

[Note: Balance of schedule to be completed prior to Closing.]

SCHEDULE "G"
STALKING HORSE PROCEDURE

See attached.

Sale and Investment Solicitation Process

Introduction

1. On January 31, 2024, Tool Shed Brewing Company Inc. (the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to s 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) in Estate No. 25-3038201 (the “**NOI Proceeding**”).
2. KPMG LLP is the proposal trustee for the Company in the NOI Proceeding (in such capacity, the “**Proposal Trustee**”).
3. It is anticipated that on February 12, 2024, the Company will apply to the Court of King’s Bench of Alberta (the “**Court**”) for an Order that, among other things: (a) approves this sale and investment solicitation process (the “**SISP**”), and (b) authorizes the execution by the Company of the stalking horse share purchase agreement between the Company and the Stalking Horse Bidder (as defined below) dated February ●, 2024 (the “**Stalking Horse Agreement**”) as the stalking horse bid for the purpose of conducting the SISP (the “**SISP Order**”).
4. The purpose of the SISP is to identify one or more financiers, purchasers of, and/or investors in the Company, the Business, and/or Property (each as defined below) to make an offer that is superior to the offer contemplated by the Stalking Horse Agreement, and to complete the transactions contemplated by any such offer, or by the Stalking Horse Agreement if no other offers are accepted.
5. This document (the “**SISP Procedures**”) outlines the SISP, which is comprised of one bidding phase and an auction, if required.
6. In this regard, the Proposal Trustee will conduct the SISP described herein with the assistance of, and in consultation with, the Company, and with the approval of the Court before any material sale or refinancing.
7. 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 shall be deemed to occur on the next Business Day.

Defined Terms

8. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the SISP Order and the Stalking Horse Agreement. In addition, in these SISP Procedures:
 - (a) “**Administration Charge**” has the meaning set forth in the Interim Financing Term Sheet;
 - (b) “**Assumed Liabilities**” has the meaning set forth in the Stalking Horse Agreement;
 - (c) “**Break Fee**” means the sum of \$60,000 (inclusive of GST, if any), which shall be paid to the Stalking Horse Bidder in the circumstances described herein;
 - (d) “**Business**” means on going operations, assets, and undertakings of the Company;
 - (e) “**Business Day**” means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta;

- (f) **“Closing Date”** means April 26, 2024, or such other date as the Company, the Proposal Trustee, and the Successful Bidder may agree, acting reasonably;
- (g) **“CRA”** means Canada Revenue Agency;
- (h) **“CRA Debt”** means source deductions owing by the Company to CRA, currently estimated at \$571,091.70;
- (i) **“Interim Lender”** means 2582568 Alberta Inc.;
- (j) **“Interim Lender’s Charge”** has the meaning set forth in the Interim Financing Term Sheet;
- (k) **“Interim Financing Term Sheet”** means the interim financing term sheet between the Company and the Interim Lender, dated February 5th, 2024;
- (l) **“Investment Proposal”** has the meaning given to it at paragraph 23;
- (m) **“Minimum Incremental Overbid”** means a cash (or a non-cash equivalent) value of at least \$[20,000];
- (n) **“Property”** means all, substantially all, or certain of the assets, property, and undertakings of the Company;
- (o) **“Purchase Price”** has the meaning set forth in the Stalking Horse Agreement;
- (p) **“Purchased Shares”** has the meaning set forth in the Stalking Horse Agreement;
- (q) **“Recoverable Expenses”** has the meaning set forth in the Interim Financing Term Sheet;
- (r) **“Retained Assets”** has the meaning set forth in the Stalking Horse Agreement;
- (s) **“Sale Proposal”** has the meaning given to it at paragraph 23;
- (t) **“Stalking Horse Bidder”** means 2582568 Alberta Inc.;
- (u) **“Successful Bid”** shall have the meaning given to it in Section 35; and
- (v) **“Superior Offer”** means a credible, reasonably certain and financially viable third party offer for the investment in, or acquisition of some or all of the Property, the Company, or the Business, the terms of which offer are, in the determination of the Proposal Trustee, in consultation with the Company, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement, and which at a minimum includes: (i) payment in cash of the Purchase Price, the Recoverable Expenses, the Break Fee, one Minimum Incremental Overbid, any amounts outstanding under the Administration Charge and Interim Lender’s Charge at the closing of such transaction; and (ii) assumption or satisfaction of the Assumed Liabilities.

Stalking Horse Agreement

9. The Company has entered into the Stalking Horse Agreement with the Stalking Horse Bidder, pursuant to which, if there is no Successful Bid (as defined below) from a party other than the Stalking Horse Bidder, the Stalking Horse Bidder will, by virtue of and in accordance with the transactions set out in the Stalking Horse Agreement, acquire (directly or indirectly) the Post-Consolidation Shares and indirectly the Retained Assets, and Assumed Liabilities through acquiring ownership of the Company.
10. The Stalking Horse Agreement is attached hereto as **Schedule “A”**.

Opportunity

11. As stated above, the SISP is intended to solicit interest in, and opportunities for, the sale of, or investment in, the Business, the Property, or the Company (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 Company as a going concern, or a sale of all, substantially all, or one or more components of the Company’s Property and Business as a going concern or otherwise.

“As Is, Where Is”

12. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (as defined herein), the sale of the Business or all or any part of the Property or an investment in the Company will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Company, 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 Company 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.

Timeline

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

Milestone	Deadline
Commencement of the SISP	February 12, 2024
Bid Deadline (12:00 p.m. Calgary time)	March 11, 2024
Notice of Auction (if any)	March 13, 2024
Auction (if any)	March 19, 2024
Approval Application	April 15, 2024, or as soon as reasonably practicable
Closing Date	April 26, 2024

The dates set out in the SISP may be extended by the Proposal Trustee, in consultation with the Company.

SOLICITATION OF INTEREST: NOTICE OF THE SISP

14. As soon as reasonably practicable after the approval of the SISP by the Court:
- (a) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information which the Proposal Trustee, in consultation with the Company, considers appropriate) (the “**Notice**”) to be published in *Insolvency Insider* and any industry publication, website, newspaper, or journal as the Proposal Trustee, in consultation with the Company, considers appropriate, if any; and
 - (b) the Proposal Trustee, in consultation with the Company, 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 Company and the Proposal Trustee, and their respective counsel (an “**NDA**”).
15. The Proposal Trustee shall send the Teaser Letter to any party who requests a copy of the Teaser Letter and NDA or who is identified to the Company or the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

SEEKING QUALIFIED BIDS FROM QUALIFIED BIDDERS

Qualified Bidders

16. Any party who wishes to participate in the SISP (each, a “**Potential Bidder**”) must deliver to the Company and the Proposal Trustee on or before the Bid Deadline, unless the Proposal Trustee confirms to such Potential Bidder that the below documents were already provided to the satisfaction of, or are already available to, the Company and the Proposal Trustee:
- (a) an executed NDA which shall inure to the benefit of any investor or 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 Company or Proposal Trustee 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 Proposal Trustee;
 - (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 Company and the Proposal Trustee to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to close the contemplated transaction on or before the Closing Date and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction.
17. If the Company, in consultation with the Proposal Trustee, determine that a Potential Bidder has:
- (a) delivered the documents contemplated in paragraph 16 above; and

- (b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate the contemplated transaction,

then such Potential Bidder will be deemed to be a “**Qualified Bidder**”. For greater certainty, no Potential Bidder shall be deemed to be a Qualified Bidder without the approval of the Proposal Trustee, in consultation with the Company.

18. At any time during the SISP, the Company may, in its reasonable business judgment and after consultation with the Proposal Trustee and with the consent of the Proposal Trustee, eliminate a Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP.
19. 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 Company.

Due Diligence

20. The Proposal Trustee, in consultation with the Company, shall in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence material and information relating to the Property and Business as they or the Company deem appropriate. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Company, in its reasonable business judgment and after consulting with the Proposal Trustee, may agree.
21. Neither the Company nor the Proposal Trustee make any representations or warranty as to the information to be provided through the due diligence process or otherwise, regardless of whether such information is provided in written, oral or any other form, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Company and approved by the Court.
22. The Proposal Trustee shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Company nor the Proposal Trustee shall be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Company, in consultation with and with the approval of the Proposal Trustee, determine such information to represent proprietary or sensitive competitive information.

Qualified Bids

23. A Potential Bidder that wishes to make an offer to: (a) acquire the Business or all, substantially all or any part of the Property, including any offer to acquire some or all of the Company’s intellectual property, manufacturing equipment, accounts receivable and furniture, fixtures and equipment (a “**Sale Proposal**”), or (b) make an investment in the Company by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors or security holders (an “**Investment Proposal**”), must deliver written copies of a final, binding proposal (the “**Bid**”) that complies with all of the Qualified Bid requirements to the Proposal Trustee and the Company at

the addresses specified in **Schedule “B”** hereto (including by e-mail) so as to be received by them on or before the Bid Deadline.

24. A Bid will be considered a Qualified Bid only if it is submitted by a Qualified Bidder and the Bid complies with, among other things, the following (a “**Qualified Bid**”):

- (a) Timing: it is submitted on or before the Bid Deadline;
- (b) Sale Proposal: in the case of a Sale Proposal, it contains the following:
 - (i) a duly authorized and executed definitive and binding asset purchase agreement, together with all completed schedules thereto, which includes all or substantially all of the material terms and conditions of the transaction, including identification of the Business or the Property to be acquired, the obligations to be assumed, the purchase price for the Business or Property to be acquired in Canadian dollars, and key assumptions supporting the valuation;
 - (ii) a specific indication of the financial capability of the Qualified Bidder and the structure and financing of the transaction; and
 - (iii) any other terms or conditions of the Sale Proposal that the Qualified Bidder believes are material to the transaction;
- (c) Investment Proposal: in the case of an Investment Proposal, it contains the following:
 - (i) a duly authorized and executed binding term sheet which includes all or substantially all of the material terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including from sources of such capital, the underlying assumptions regarding the *pro forma* capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Company, and the debt, equity, or other securities, if any, proposed to be allocated to creditors of the Company; and
 - (ii) any other terms or conditions of the Investment Proposal that the Qualified Bidder believes are material to the transaction;
- (d) Deposit: it is accompanied by a cash deposit in an amount equal to 15% of the purchase price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) that shall be paid to the Proposal Trustee in trust, to be held and dealt with in accordance with this SISP;
- (e) Irrevocable Bid: it contains a letter stating that the Bid is irrevocable until Court approval of the Successful Bid;
- (f) Financial Commitment: it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing, or other evidence of ability to consummate the proposed transaction;

- (g) Identification: it fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating in or benefiting from such bid;
 - (h) No Collusion: it provides a written confirmation that the Qualified Bidder has not engaged in any collusion with any other bidder;
 - (i) Authorization: it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);
 - (j) No Break or Termination Fee: it does not include any request for or entitlement to any break fee or termination fee, expense reimbursement or similar type of payment, and confirmation that it shall be responsible for all of its costs and expenses associated with conducting due diligence and submitting a Bid;
 - (k) Unconditional Bid: it is not conditional upon:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder;
 - (ii) obtaining financing; or
 - (iii) any other material closing conditions;
 - (l) Superior Offer: the bid constitutes a Superior Offer; and
 - (m) Closing Date: it contemplates closing the transaction set out therein on or before April [26], 2024.
25. All Bids will be considered, but the Proposal Trustee, in consultation with the Company, reserves the right to reject any and all Bids in its sole discretion.
26. Notwithstanding anything else in these SISP Procedures, the Stalking Horse Bidder is deemed to be a Qualified Bidder and the Stalking Horse Agreement is deemed to be a Qualified Bid for all purposes and at all times. No deposit is required in connection with the Stalking Horse Agreement.

No Qualified Bids

27. If none of the Qualified Bids received by the Proposal Trustee constitute a Superior Offer, the Stalking Horse Bidder shall be declared the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

If a Superior Offer is Received

28. Following the Bid Deadline, the Proposal Trustee, in consultation with the Company, will assess the Qualified Bids.
29. If the Proposal Trustee, in consultation with the Company, determines that one or more of the Qualified Bids constitutes a Superior Offer, the Proposal Trustee shall provide the parties making Superior Offers and the Stalking Horse Bidder the opportunity to make further bids through the auction process set out below (the "**Auction**").

Auction

30. If the Auction is to be held, the Proposal Trustee shall send notice (the “**Auction Notice**”) by email to the Stalking Horse Bidder and all Qualified Bidders that submitted a Superior Offer and invite such bidders to participate in the Auction on or before 12:00 p.m. Calgary time on March 13, 2024.
31. The Auction Notice shall include, amongst other things: (a) the date, time and location of the Auction and (b) a copy of the highest or otherwise best Superior Offer(s) (the “**Starting Bid**”).
32. The Proposal Trustee will conduct an Auction commencing at 10:00 a.m. Calgary time on March 19, 2024 at the offices of the Proposal Trustee’s legal counsel, MLT Aikins LLP, at 2100 Livingston Place, 222 3rd Ave SW, Calgary, AB, or such other location as shall be identified in the Auction Notice timely communicated to all entities entitled to attend at the Auction, which Auction may be adjourned by the Proposal Trustee, in consultation with the Company.
33. If a Qualified Bidder intends to participate in the Auction, it must advise the Proposal Trustee of such intention in writing prior to 12:00 p.m. Calgary time at least two (2) business days prior to the Auction (a “**Participation Notice**”). If the only Participation Notice is received from the Qualified Bidder that submitted the Starting Bid, that Qualified Bidder shall be deemed to be the Successful Bidder, subject to Court approval.
34. If at least two (2) Participation Notices are received (the parties who so inform the Proposal Trustee that they intend to participate are hereinafter referred to as the “**Auction Bidders**”), the Auction shall run in accordance with the following procedures:
 - (a) during the afternoon of the day that is prior to the Auction, the Proposal Trustee shall make itself available to meet with each of the Auction Bidders to review the procedures for the Auction, and the manner by which Subsequent Bids (as defined below) shall be evaluated during the Auction;
 - (b) only representatives of the Auction Bidders, the Proposal Trustee, and such other persons as permitted by the Proposal Trustee (and the advisors to each of the foregoing entities) are entitled to attend the Auction in person (and the Proposal Trustee shall have the discretion to allow such persons to attend by videoconference);
 - (c) the Proposal Trustee shall make arrangements to take notes of the Auction;
 - (d) 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 or investment;
 - (e) only the Auction Bidders will be entitled to make any Subsequent Bids at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder’s Qualified Bid shall nevertheless remain fully enforceable against such Qualified Bidder if it is selected as the Successful Bid;
 - (f) all Subsequent Bids presented during the Auction shall be made and received in one room on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders at the Auction and that all

material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;

- (g) all Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present in person at the Auction;
- (h) the Proposal Trustee may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids, 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 the SISP Procedures, general practice in insolvency proceedings, or the SISP Order or; (ii) disclosed to each Auction Bidder at the Auction;
- (i) 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 (a “**Subsequent Bid**”) that the Proposal Trustee determines is (A) for the first round, a higher or otherwise better offer than the Starting Bid, and (B) 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. After the first round of bidding and between each subsequent round of bidding, the Proposal Trustee shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (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;
- (j) to the extent not previously provided (which shall be determined by the Proposal Trustee), an Auction Bidder submitting a Subsequent Bid must submit, at the Proposal Trustee’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 Proposal Trustee), demonstrating such Auction Bidder’s ability to close the transaction proposed by the Subsequent Bid. For greater certainty, if the Stalking Horse Bidder submits a Subsequent Bid, this paragraph shall only apply to the Stalking Horse Bidder if the cash portion of the Purchase Price in the Stalking Horse Bidder’s Subsequent Bid is in excess of any cash portion of the Purchase Price in the Stalking Horse Agreement;
- (k) the Proposal Trustee 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 Proposal Trustee 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 Proposal Trustee with such additional evidence as the Proposal Trustee, in its reasonable business judgment, may require that that Auction Bidder (including, as may be applicable, the Stalking Horse 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;
- (l) the Stalking Horse Bidder shall be permitted, in its sole discretion, to submit Subsequent Bids, provided, however, that such Subsequent Bids are made in accordance with these SISP Procedures (modified as necessary to reflect and include the non-cash credit bid component of the Stalking Horse Agreement);

- (m) if, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed;
 - (n) the Auction shall be closed within five (5) Business Days of the start of the Auction unless extended by the Proposal Trustee; and
 - (o) no bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
35. At the end of the Auction, the Proposal Trustee, in consultation with the Company, shall identify the winning bid (the “**Successful Bid**”). Once a definitive agreement has been negotiated and settled in respect of the Successful Bid as selected by the Proposal Trustee, in consultation with the Company (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. If the Successful Bidder is a party other than the Stalking Horse Bidder, the Proposal Trustee shall pay the Stalking Horse Bidder the Break Fee, immediately after closing, from the Successful Bidder’s payment of cash at closing.

Transaction Approval Application Hearing

36. The Company shall apply to the Court (the “**Approval Application**”) for an order approving the Successful Bid as soon as practicable following the determination by it and the Proposal Trustee of the Successful Bidder and the execution of definitive documents. The Company will be deemed to have accepted the Successful Bid only when it has been approved by the Court.
37. All Qualified Bids and Subsequent Bids (other than the Successful Bid) shall be deemed rejected on and as of the date and of approval of the Successful Bid by the Court, but not before, and shall remain open for acceptance until that time.

Deposits

38. All Deposits shall be retained by the Proposal Trustee in a non-interest-bearing trust account located at a financial institution in Canada.
39. If there is a 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 and shall be non-refundable.
40. The Deposit(s) from all Qualified Bidders submitting Qualified Bids that do not constitute a Successful Bid shall be returned to such Qualified Bidder within five (5) Business Days of Court approval of the Successful Bid.
41. If the Qualified Bidder making a Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, it shall forfeit its Deposit to the Proposal Trustee 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.
42. If the Company is 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), then the Deposit shall be returned to the Successful Bidder.

Approvals

43. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the applicable law in order to implement a Successful Bid.

Supervision of the SISP

44. The Proposal Trustee shall oversee, in all respects, the conduct of the SISP, and will participate in the SISP in the manner set out in the SISP Procedures.
45. The Company and the Proposal Trustee will generally consult with the other in respect of all matters arising out of this 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.
46. The Proposal Trustee, in consultation with the Company, may waive compliance with any one or more of the requirements of the SISP Procedures, including, for greater certainty, waive strict compliance with any one or more of the requirements specified above and deem a non-compliant bid to be a Qualified Bid, excepting the requirement that the bid be a Superior Offer pursuant to Section 25(1);.
47. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Company or the Proposal Trustee and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Company.
48. Without limiting the preceding paragraph, neither the Company nor the Proposal Trustee shall have any liability whatsoever to any person or party, including without limitation any Potential Bidder, the Stalking Horse Bidder, Qualified Bidder, the Successful Bidder, the Company, or any creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by the SISP Procedures. By submitting a bid, each Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Company or the Proposal Trustee for any reason, matter or thing whatsoever related to this SISP.
49. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
50. Subject to the terms of the SISP Order, the Company shall have the right to modify the SISP 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 Proceeding shall be advised of any substantive modification to the procedures set forth herein.
51. In order to discharge its duties in connection with the SISP, the Company and Proposal Trustee may engage professional or business advisors or agents as the Company and Proposal Trustee deems fit in its sole discretion.

Confidentiality and Access to Information

52. All discussions regarding the Opportunity or the Bid should be directed through the Proposal Trustee.
53. 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, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Company, the Proposal Trustee and such other bidders or Potential Bidders in connection with the SISP.
54. The Proposal Trustee may consult with any parties with a material interest in the NOI Proceeding regarding the status of and material information and developments relating to the SISP, provided that such parties shall have entered into confidentiality arrangements satisfactory to the Company and the Proposal Trustee.

Further Orders

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

SCHEDULE "A"
STALKING HORSE AGREEMENT

SCHEDULE "B"

NOTICE SCHEDULE

To the Company

Tool Shed Brewing Company Inc.



Attention: Graham Sherman

Email: graham@toolshed.beer

with a copy to

Miller Thomson LLP

3000, 700 – 9th Avenue SW

Calgary, Alberta T2P 3V4

Attention: James Reid

Email: jwreid@millerthomson.com

To the Proposal Trustee:

KPMG Inc.

205 5th Avenue SW, Suite 3100

Calgary, AB T2P 4B9

Phone: 403-450-6716

Attention: Jacqueline Shellon

Email: jshellon@kpmg.ca

with a copy to

MLT Aikins LLP

2100 Livingston Place, 222 3 Ave SW,

Calgary, AB T2P 0B4

Attention: Catrina Webster

Email: cwebster@mltaikins.com

SCHEDULE "H"
FORM OF APPROVAL AND REVERSE VESTING ORDER

COURT / ESTATE FILE NUMBER

Clerk's Stamp

COURT

COURT OF KING'S BENCH OF
ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANT

IN THE MATTER OF THE
BANKRUPTCY AND INSOLVENCY
ACT, RSC 1985, c B-3, as amended

AND IN THE MATTER OF THE
NOTICE OF INTENTION TO MAKE A
PROPOSAL OF TOOL SHED
BREWING COMPANY INC.

DOCUMENT

**APPROVAL AND REVERSE
VESTING ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

MILLER THOMSON LLP
Barristers and Solicitors
3000, 700 – 9th Avenue SW
Calgary, AB, T2P 3V4

Attention: James W. Reid / Bryan A. Hosking

Phone: 403-298-2418 / 780-429-9773

Email: jwreid@millerthomson.com /
bhosking@millerthomson.com

File No.: 0276443.0001

DATE ON WHICH ORDER WAS PRONOUNCED: ●, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice ①

UPON THE APPLICATION by Tool Shed Brewing Company Inc. (the "Company") for an order (i) approving the share purchase agreement made as of ●, 2024 (as amended, restated, or amended and restated from time to time, the "SPA"), between the Company, as vendor, and 2582568 Alberta Inc., as purchaser (the "Purchaser"), for the purchase and sale of the New Common Shares (as defined in the SPA); (ii) transferring and vesting all of the Company's right, title and interest in and to the Excluded Liabilities, Excluded Assets, and Excluded Contracts (each term as defined in the SPA) to and in a

corporation to be incorporated ("**ResidualCo**"); (iii) the Consolidation and Cancellation of the Existing Shares and the New Common Shares and the issuance of the Post-Consolidation Shares (each term as defined in the SPA) such that the Purchaser will own 100% of the equity of the Company (collectively, the "**Transaction**"); (iv) approving the release of certain of the Company's director, officers, and employees, the Company, and the Purchaser; (vi) approving the conduct and actions of the Proposal Trustee as set out in the Report (defined below);

AND UPON HAVING READ Affidavit No. 2 of James Costello sworn February [5], 2024 (the "**Second Costello Affidavit**"); the First Report (the "**First Report**") of KPMG LLP in its capacity as proposal trustee (the "**Proposal Trustee**") dated February 5, 2024;

AND UPON HEARING the submissions of counsel for the Company, the Purchaser, and the Proposal Trustee and its counsel, and counsel to any other party appearing at the Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

DEFINED TERMS

1. Capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the SPA.

SERVICE

2. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL AND VESTING

3. The SPA and the Transaction be and are hereby approved and the execution of the SPA by the Company is hereby authorized and approved, with such minor amendments as the parties may deem necessary, with the approval of the Proposal Trustee. The Company and the Proposal Trustee, as applicable, are hereby authorized and directed to perform the Company's obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable to effect the Transaction.

4. This Order shall constitute the only authorization required by the Proposal Trustee, the Company to proceed with the Transaction and that no shareholder, director or other approval or notice shall be required in connection therewith. For further certainty, and without limiting paragraph 17, the Proposal

Trustee shall be authorized to sign for and on behalf of the shareholders and directors of the Company (other than the Purchaser) and ResidualCo, without consultation and notice to such shareholders or directors in order to facilitate the Reorganization Transactions and Transaction.

5. Upon the delivery of a copy of the Proposal Trustee's certificate (the "**Proposal Trustee's Certificate**") to the Purchaser (the time of such delivery being referred to herein as the "**Effective Time**"), substantially in the form attached as **Schedule "A"** hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) the Company shall issue New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Company and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price. For certainty, all of the right, title and interest in and to the New Common and the Post-Consolidation Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing, all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry systems;
- (b) the Company's shall, and if necessary the Company's Articles shall be amended to, among other things: (i) consolidate the New Common Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the New Common Share, Post-Consolidation Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion;
- (c) any fractional New Common Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as and if necessary to achieve such cancellation;
- (d) the Purchase Price shall include the Assumed Liabilities;

- (e) all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims (as defined below) and security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") shall continue to attach to the Excluded Assets in accordance with paragraph 6 of this Order, with the same nature and priority as they had immediately prior to the transfer;
- (f) all Excluded Liabilities (which for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise of the Company shall be transferred to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Company;
- (g) other than the whole Post-Consolidation Shares, all securities in the capital of, or issued by, the Company, including without limitation, all Existing Shares (if any after the Consolidation and Cancellation) (c)), options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of the Company, or which require the issuance, sale or transfer by the Company of any shares or other securities of the Company and/or the share capital of the Company or otherwise relating thereto, shall be deemed terminated and cancelled for no consideration;
- (h) the Company shall automatically transfer, assign and convey all of the issued and outstanding shares of ResidualCo to the Proposal Trustee as agent and bare trustee for the holders of the Existing Shares; and
- (i) Following the completion of the steps above, the Purchaser shall be the sole legal and beneficial shareholder of the Company and the Proposal Trustee shall be the sole legal shareholder of ResidualCo and the holders of the Existing Shares shall be the beneficial shareholders of ResidualCo (as described in the bare trust arrangement above).

6. The Proposal Trustee shall file with the Court a copy of the Proposal Trustee's Certificate, forthwith after delivery thereof in connection with the Transaction.

7. The Proposal Trustee may rely on written notice from the Company and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Proposal Trustee's Certificate.

8. Pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), and section 20(e) of the *Personal Information Protection Act* (Alberta), the Company or the Proposal Trustee, as the case may be, is authorized, permitted and directed to, prior to the Effective Time, disclose to the Purchaser all human resources and payroll information in the records or the Company pertaining to past and current employees of the Company. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Company.

9. At the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and the Company shall be deemed released from any and all Excluded Liabilities (including all Claims) and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any taxes (including penalties and interest thereon) of, or that relate to, the Company (provided that, as it relates to the Company, such release shall not apply to taxes in respect of the business and operations conducted by the Company after the Effective Time).

10. Except to the extent expressly contemplated by the SPA, all Assumed Contracts, will be and remain in full force and effect upon and following delivery of the Proposal Trustee's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Proposal Trustee's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any Company);
- (b) the insolvency of the Company or the fact that the Company filed a notice of intention to make a proposal under the BIA;

- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of the Company arising from the implementation of the SPA, the Transaction or the provisions of this Order.

11. From and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Company then existing or previously committed by the Company, or caused by the Company, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Contract existing between such Person and the Company arising directly or indirectly from the filing by the Company of a notice of intention to make a proposal under the BIA and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 10 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Company from performing its obligations under the SPA or be a waiver of defaults by the Company under the SPA or related documents.

12. From and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Company relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

13. Upon delivery of the Proposal Trustee's Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Proposal Trustee's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required in order to give effect to the terms of this Order and the SPA.

14. In order to affect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Agreement. Presentment of this Order and the Proposal Trustee's Certificate shall be the sole and

sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations such that the Company, the Post-Consolidation Shares, and the Retained Assets shall be free from all Claims and Encumbrances.

15. From after the Effective Time:

- (a) except as contemplated by the SPA, the nature of the Assumed Liabilities retained by the Company, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;
- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against the Company under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against the Company but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Company prior to the Effective Time.

16. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA, in respect of the Company and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Company;

the SPA and the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo and the issuance of the Post-Consolidation Shares to the Purchaser) and any payments by or to the Purchaser, the Company or the Proposal Trustee authorized herein shall be binding on any trustee in bankruptcy that may be

appointed in respect of the Company and/or ResidualCo and shall not be void or voidable by creditors of the Company or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Companies' Creditors Arrangement Act* (Canada), as amended, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

PROPOSAL TRUSTEE'S ENHANCED POWERS

17. In addition to the powers and duties of the Proposal Trustee set out in the BIA, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Proposal Trustee be and is hereby authorized and empowered, but not required to:

- (a) to execute and deliver any documents, instruments or assurances for and on behalf of the Company and ResidualCo (including the directors and shareholders thereof), including, without limitation, the execution of all documents contemplated in the SPA or necessary or desirable for the completion and implementation of the Reorganization Transactions and the Transaction;
- (b) acquire and hold shares in the capital of ResidualCo as bare trustee for the holders of the Existing Shares in accordance with the SPA;
- (c) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Proposal Trustee shall be entitled but not obligated to act as trustee in bankruptcy thereof; and
- (d) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

WEPPA

18. Pursuant to section 5(5) of the *Wage Earner Protection Program Act* (Canada), SC 2005, c 47, s1 ("WEPPA"), Company and each of its former employees meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA applies as of the date this Order (the "**Former Employees**").

19. Notwithstanding anything else in this Order, all of the Former Employees' claims against the Company for wages (as defined in the WEPPA) shall be an Excluded Liability Claim and shall attach to

ResidualCo in accordance with paragraph 15(c) of this Order. For greater certainty, each of the Former Employees shall be deemed a former employee of ResidualCo for the purpose of the WEPPA.

NTD: Do we need these paragraphs 18 and 19? Will any employees be terminated as a part of the proposed transaction?

RELEASES

20. At the Effective Time, (i) the current directors, officers and employees of the Company and ResidualCo; (ii) independent contractors who provided legal or financial services to the Company and ResidualCo, (iii) legal counsel and advisors of the Company, (iv) the Proposal Trustee and its legal counsel; (v) the Company; and (vi) the Purchaser and each of its directors, officers and employees and its legal counsel (collectively, the “**Released Parties**”) shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part of any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Effective Time and that relate in any manner whatsoever to the Purchaser, the Company or ResidualCo or any of their assets (current or historical), obligations, business or affairs, or this NOI proceeding, or arising in connection with or relating to the SPA or the completion of the Transaction (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties; *provided that* nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 50(14) of the BIA.

APPROVAL OF THE CONDUCT AND THE ACTIONS OF THE PROPOSAL TRUSTEE

21. The Supplemental Report of the Proposal Trustee, as well as the actions, conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

DISTRIBUTIONS AND PAYMENTS

22. The Purchaser, the Company and the Proposal Trustee are hereby authorized and directed to pay the Assumed Liabilities from the Purchase Price in accordance with the SPA unless otherwise agreed by the Company and the Purchaser with the consent of the Proposal Trustee.

CONCLUSION OF THE NOI PROCEEDING

23. Upon the closing of the Transaction and effective upon the Proposal Trustee filing a certificate with the Court substantially in the form attached as **Schedule "B"** hereto (the "**Conclusion Certificate**") this NOI proceeding in respect of the Company shall be terminated without any other act or formality, save and except as provided in this Order, and provided that nothing herein impacts the validity of any orders made in this proceeding or any actions or steps taken by any Person pursuant to or as authorized by any orders of the Court made in this NOI proceeding.

24. The Proposal Trustee shall file with the Office of the Superintendent in Bankruptcy (the "**OSB**") a copy of the Conclusion Certificate, together with a copy of this Order, as soon as reasonably practical but by no later than [●]. Upon receipt, the OSB is directed to take any and all steps as may be necessary to ensure that the provisions of this Order are carried out, including but not limited to registering the Company's NOI as void and reflecting the same in the OSB's records and registry.

25. For the avoidance of doubt, the Company shall not be deemed to be bankrupt by reason only of there being no proposal filed with the OSB and approved by the Company's creditors, by reason only of there being no Court approval of a proposal, or by reason only of the present order causing any other irregularity in respect of the NOI and proposal process under the BIA.

INFORMATION AND ASSISTANCE

26. All Persons having notice of this Order shall forthwith advise the Company and the Proposal Trustee of the existence of any of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof ("**Property**"), in such Person's possession or control, shall grant immediate and continued access to the Property to the Company, and shall deliver all such Property to the Company at the Company's request. For certainty, the Property shall be deemed to include, without limitation, all sales contacts, leads and all related information that were generated for or on behalf of the Company (including by any of its directors, officers or employees).

27. All Persons shall forthwith advise the Company and the Proposal Trustee of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers,

records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Company or permit the Company to make, retain and take away copies thereof and grant to the Company unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 27 or in paragraph 28 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Company due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

28. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Company for the purpose of allowing the Company to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Company in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Company. Further, for the purposes of this paragraph, all Persons shall provide the Company with all such assistance in gaining immediate access to the information in the Records as the Company may in its discretion require including providing the Company with instructions on the use of any computer or other system and providing the Company with any and all access codes, account names and account numbers that may be required to gain access to the information.

GENERAL

29. Following the Effective Time, the Purchaser and its representatives shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Company, the Post-Consolidation Shares and the Retained Assets.

30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, the United Kingdom or elsewhere, to give effect to this Order and to assist the Company, the Proposal Trustee, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order,

to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

31. Each of the Company and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. This Order is effective from the date that it is made and is enforceable without any need for entry and filing.

Justice of the Court of King's Bench of Alberta

SCHEDULE "A"

PROPOSAL TRUSTEE'S CERTIFICATE

COURT / ESTATE FILE NUMBER	●	Clerk's Stamp
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
APPLICANT	IN THE MATTER OF THE <i>BANKRUPTCY AND INSOLVENCY ACT</i> , RSC 1985, c B-3, as amended AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF TOOL SHED BREWING COMPANY INC.	
DOCUMENT	PROPOSAL TRUSTEE'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MLT AIKINS LLP Barristers and Solicitors Attn: Catrina Webster 10235 101 St NW Suite 2200 Edmonton, AB T5J 3G1 Phone: [●] Email: [●]	

RECITALS

A. Pursuant to an Order of the Honourable Justice M.J. Lema of the Court of King's Bench of Alberta, Judicial District of Edmonton, dated [●], 2024 (the "**Approval and Reverse Vesting Order**"), the Court approved the transaction (the "**Transaction**") contemplated by the Share Purchase Agreement made as of [●], 2024, (as amended or restated from time to time, the "**SPA**"), between Tool Shed Brewing Company Inc. (the "**Company**"), and [2582568 Alberta Inc.] (the "**Purchaser**"), and ordered, *inter alia*, that (i) all of the Company's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in a corporation to be incorporated ("**ResidualCo**"); (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to and assumed by and vest in ResidualCo; (iii) all of the right, title and interest in and to the Post-Consolidation Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, to be effective upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming that the Proposal Trustee has received written confirmation in the form and substance

satisfactory to the Proposal Trustee from the Purchaser and the Company that all conditions to closing have been satisfied or waived by the parties to the SPA.

B. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Proposal Trustee has received written confirmation from the Purchaser and from the Company, in form and substance satisfactory to the Proposal Trustee, that all conditions to closing have been satisfied or waived by the parties to the SPA.

2. This Proposal Trustee's certificate was delivered by the Proposal Trustee at _____ on _____, 2024.

**KPMG LLP, in its capacity as Proposal Trustee
of the Applicant, and not in its personal capacity.**

Per: _____

Name:

Title:

SCHEDULE "B"

PROPOSAL TRUSTEE'S CERTIFICATE

COURT / ESTATE FILE NUMBER	●	Clerk's Stamp
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
APPLICANT	IN THE MATTER OF THE <i>BANKRUPTCY AND INSOLVENCY ACT</i> , RSC 1985, c B-3, as amended AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF TOOL SHED BREWING COMPANY INC.	
DOCUMENT	PROPOSAL TRUSTEE'S CONCLUSION CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MLT AIKINS LLP Barristers and Solicitors Attn: ● 10235 101 St NW Suite 2200 Edmonton, AB T5J 3G1 Attention: ● Phone: ● Email: ●	

RECITALS

- A. On February 1, 2024 Tool Shed Brewing Company Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**").
- B. KPMG LLP ("**KPMG**") was appointed as trustee (in such capacity, the "**Proposal Trustee**") under the NOI.
- C. On [●], 2024, the Honourable Justice [●] of the Court of King's Bench of Alberta issued an order (the "**Order**"), among other things:

- a. approving a share purchase agreement (“PSA”) to effect the going concern sale of the Company’s business; and
- b. terminating the NOI proceedings.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Order.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Proposal Trustee has received the Purchase Price for the Post-Consolidation Shares payable on the Closing Date pursuant to the PSA;
2. The conditions to Closing as set out in Article 8 of the PSA have been satisfied or waived by the Company and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Proposal Trustee’s certificate was delivered by the Proposal Trustee at _____ on _____, 2024.

**KPMG LLP, in its capacity as Proposal Trustee
of the Applicant, and not in its personal capacity.**

Per: _____

Name:

Title: