

**Deloitte.**



NO. S-245340  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

**ROYAL BANK OF CANADA**

PETITIONER

AND:

**G3 GENUINE GUIDE GEAR INC.**

RESPONDENT

**CONFIDENTIAL SUPPLEMENT TO THE FIRST REPORT**  
**OF THE COURT APPOINTED RECEIVER**  
**OF G3 GENUINE GUIDE GEAR INC.**

**DATED NOVEMBER 7, 2024**

**PREPARED BY DELOITTE RESTRUCTURING INC.**

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### APPENDICES

Appendix "A" – Timeline Asset Services Appraisal dated September 4, 2024

Appendix "B" – Offer to Purchase between the Receiver and 1507344 B.C. Ltd. dated October 19, 2024 and as amended on October 27, 2024 (unredacted)

Appendix "C" – Asset Purchase Agreement between the Receiver and Canadawide Sports Inc. dated November 1, 2024 (unredacted)

## PURPOSE OF THE FIRST CONFIDENTIAL REPORT

1. The Receiver has filed its first report to the Court (the "**First Report**") and makes this report as a confidential supplement to the First Report (the "**First Confidential Report**" or "**This Report**"). Both the First Report and the First Confidential Report are made in support of the Receiver's application for approval of the transaction (the "**Transaction**") contemplated by the purchase and sale agreement between the Receiver and Canadawide Sports Inc. ("**CSI**" or the "**Purchaser**") dated November 1, 2024 (the "**CSI Final Offer**").
2. The purpose of this First Confidential Report is to provide the Court, on a confidential basis, with further details related to the Sale Process, value of the assets, and additional details on the Transaction and other offers received and the related negotiations. This Report is made to supplement the First Report, and should be read in conjunction with the First Report.
3. Capitalised terms used in this First Confidential Report and not otherwise defined have the meanings set out in the First Report. All dollar amounts in this First Confidential Report are in Canadian dollars, unless otherwise indicated.

## SEALING OF THE FIRST CONFIDENTIAL REPORT

4. As set forth in the First Report, this First Confidential Report contains sensitive and confidential commercial information on the bids received and their relative merits, along with details of specific communications with bidders.
5. Accordingly, the Receiver seeks a sealing order in respect of this First Confidential Report, on the basis that the First Confidential Report will be unsealed on the earlier of the: (a) closing of the Transaction; (b) completing of an alternative transaction involving the Company or substantially all of their assets; or (c) discharge of the Receiver in the Receivership Proceedings.

## APPRAISAL

6. As outlined in the First Report, the Receiver engaged Timeline Asset Services Ltd. ("**Timeline**") to perform an appraisal of the Company's equipment and inventory on both a forced liquidation value ("**FLV**") basis and orderly liquidation value ("**OLV**") basis as at September 4, 2024 (the "**Timeline Appraisal**") in order to assess any offers from the Sale Process.
7. The Timeline Appraisal is summarized in the below table and is attached hereto as **Appendix "A"**.

Description	FLV	OLV
Equipment	\$ 46,610	\$ 162,670
Inventory	135,000	350,000
Total	\$ 181,610	\$ 512,670

8. Timeline made the following comments in regards to the G3 inventory and equipment:
  - a) The inventory is primarily focused on back country skiing, which targets a smaller market segment compared to mainstream downhill skiing or on-piste skiing.
  - b) There is a significant amount of inventory, ranging from three (3) to four (4) years' worth, which presents challenges in terms of selling quickly.
  - c) The market has experienced an influx of recreational equipment as a result of increased purchases during the COVID-19 pandemic, resulting in discounted prices.

- d) The raw material inventory, which accounts for almost 50% of the total inventory cost as at the Date of Receivership, is very difficult to sell "as is" and holds little to no value in its current state. In some cases, the IP Assets would need to be utilized to convert the raw material inventory to enhance value.
  - e) The equipment has multiple uses and is expected to hold more value than the inventory.
9. The Receiver did not arrange for a separate valuation of the IP Assets as they were not included in the scope of the Receivership Order, it has limited information on what comprises the IP Assets, and the IP Assets are very difficult to value due to being reliant on such factors as market demand, competitive landscape, technological advancements, legal protection, and potential revenue generation (this information is not readily available). The Timeline Appraisal assumed the inventory would be sold "as is" without the benefit of the IP Assets.

## THE RECEIVER'S SALES PROCESS

### Initial Offers Received and Negotiations

10. As outlined in the First Report, four (4) parties submitted offers to the Receiver on the Offer Deadline of September 11, 2024.
11. The four (4) parties who submitted offers by the Offer Deadline were Liberty Skis Corp. and Sea to Sky Distribution Ltd. for certain inventory items (collectively, the "**Retailer Offers**"), 16357288 Canada Inc. ("**163**") for all assets (the "**163 Offer**"), and Maynards Industries II Canada Ltd. ("**Maynards**") for an auction proposal (the "**Auction Offer**"). The Receiver prepared a summary of the offers received which is outlined below.

Party	Price	Hard Assets	IP Assets	Deposit	Inventory	Equipment	IP	Conditions
16357288 Canada Inc.	2,400,000	2,000,000	400,000	150,000	✓	✓	✓	1. Subject to the Purchaser receiving an appraisal of the Inventory from Gordon Brothers Appraisers showing a net orderly liquidation value of the inventory of no less than \$4,000,000. 2. Subject to Royal Bank of Canada and First West Capital releasing their personal guarantees against Oliver Steffen, including the security registered against his personal
Sea to Sky Distribution Ltd	14,442	14,442	-	2,166	Note 1	X	X	N/A
Liberty Skis Corp.	5,000	5,000	-	750	Note 2	X	X	N/A
Maynards Industries II Canada Ltd.	Note 3	-	-	-	✓	✓	X	1. 60-day use of the property. 2. 18% buyers premium, no commission.

#### Notes

**Note 1** - Only tension straps and some neck gaiters. This inventory has a book value of \$72,213 (20% recovery on cost).

**Note 2** - Only Alpinist+ UNV skins. Potentially interested in other skins if not otherwise purchased. This inventory has a book value of \$286,254 (2% recovery on cost).

**Note 3** - Straight auction proposal with 18% buyer's premium and no commission.

12. 163 is a company owned by a party related to Mr. Steffen and the 163 Offer was for all of the assets of the Company including the Hard Assets and IP Assets. The 163 Offer included the following more significant terms and conditions;
- a) A Purchase price of \$2.4 million with \$2.0 million allocated to the Hard Assets and \$400,000 allocated to the IP Assets.
  - b) A refundable deposit of \$150,000, the amount of which was confirmed on September 18, 2024 as being held in a lawyer's trust account.
  - c) A net OLV inventory appraisal value of at least \$4,000,000 (the "**Inventory OLV Condition**"), a release of the personal guarantees of Mr. Steffen (the "**Personal Guarantees**") held by both FWC and RBC (including the Mortgage Security), all aspects of the assets are satisfactory, and financing (the "**En-Bloc Conditions**").
  - d) Removal of the En-Bloc Conditions by September 28, 2024 with a completion date of no later than five (5) days following Court approval.

13. Several other parties had expressed interest in submitting an offer for the Company's Hard Assets and/or IP Assets and they requested and received various financial and other data through the Data Room and engaged in phone call and email discussions with the Receiver. One of the interested parties also engaged counsel. Ultimately, none of these parties submitted offers by the Offer Deadline. Several of these parties provided the following feedback to the Receiver regarding the rationale behind not submitting an offer:
  - a) A lack of certainty regarding the ability to acquire the IP Assets separately from FWC and a lack of understanding around what the IP Assets included (such as patents, trademarks, and potentially the Company's website and URL). Additionally, the parties raised issues with respect to establishing a structure or approach for a sale of the IP Assets and determining the value of the same.
  - b) Parties had concerns regarding the ability to manufacture finished goods from the raw material inventory and sell without possession of the Company's patents and IP Assets.
  - c) Parties cited the Company's history of declining sales prior to the Date of Receivership.
  - d) Parties mentioned their inability to source and/or secure a financing commitment or term sheet prior to the Offer Deadline.
14. The Receiver faced challenges in considering the Retailer Offers due to the need to separate specific inventory items before finalizing either the Auction Offer or 163 Offer. To address this, the Receiver will relay the interest expressed through the Retailer Offers to the eventual purchaser, allowing it to consider these offers upon the completion of the transaction.
15. After the Offer Deadline but before any offers were accepted, the Receiver received additional correspondence from new parties expressing their interest in the Company's assets. The Receiver informed these parties that the Offer Deadline had passed and advised them to review the Receiver's Website for further details regarding the ongoing process.
16. On September 12, 2024, the Receiver requested that Mr. Steffen confirm details regarding the financing of the 163 Offer and/or to provide proof of funds.
17. On September 13, 2024, Mr. Steffen confirmed that 163 was arranging financing through Accord Financial Corp. ("**Accord**") and that a commitment letter or term sheet would not be issued until and unless the Receiver accepted the 163 Offer. Mr. Steffen also noted that it was Accord requiring the En-bloc Conditions as a requirement for their financing, including the Inventory OLV Condition. Mr. Steffen explained that the required appraisal would take approximately two weeks to complete and that no scheduling or other commitments had as yet been made with the appraiser, Gordon Brothers Appraisers. The Receiver explained to Mr. Steffen that a commitment letter or term sheet in writing from Accord was a requirement in order for the 163 Offer to advance.
18. After various back and forth with Mr. Steffen, on September 17, 2024, the Receiver obtained an expression of interest ("**EOI**") from Accord indicating the terms of the financing with 163. However, the EOI included a specific provision that it did not constitute any form of commitment. The Receiver indicated to Mr. Steffen and to Accord that the EOI provided was not a commitment letter or term sheet and that in order for the 163 Offer to be presented to the Lenders, such a commitment letter or term sheet was required.
19. On September 20, 2024, the Receiver held further discussions with RBC where they explained their aversion to releasing the Personal Guarantees as required in the En-bloc Conditions, but that they would consider the 163 Offer subject to FWC's agreement.
20. On September 23, 2024, the Receiver held a discussion with FWC and the following concerns were noted regarding the 163 Offer:
  - a) Financing appeared doubtful with the Inventory OLV Condition and at the level required to meet the purchase price offered.

- b) Accord had still not provided a commitment letter or term sheet.
  - c) Mr. Steffen did not appear to have sufficient funds to operate the business on a go-forward basis and any kind of future royalty or other agreement for the IP Assets would not be viable.
  - d) Alternative offers for the IP Assets had been received by FWC that equated to more than the amount allocated to those assets in the 163 Offer.
21. On September 26, 2024, the Receiver held a conversation with Accord to follow up on the conversation that took place on September 18, 2024, and to understand whether a commitment letter or term sheet would be provided. Accord explained that Mr. Steffen had not paid its fee, nor the cost of an appraisal, and that they were not interested in preparing a conditional commitment letter without additional assurances that the Lenders would agree to release the Personal Guarantees against Mr. Steffen.
22. On September 27, 2024, the Receiver obtained from Mr. Steffen a term sheet with Accord outlining their conditional offer to extend financing to 163. This term sheet was not signed by either party and listed a number of costs expected to be incurred by 163 or covered by the financing, including Accord's work and legal fees estimated to be approximately \$76,000, appraisal costs, key man life insurance, and various business-related insurance policies upon closing. Mr. Steffen separately and on several occasions expressed to the Receiver that he did not have additional funds available but was nevertheless confident he would receive financing from Accord.
23. After careful consideration, the Receiver determined that while the 163 Offer was the only en-bloc offer received during the Sale Process and had the potential to maximize recovery by ensuring the continuation of operations and completion of the extensive raw material inventory with the patents subject to security in favor of FWC, there was significant risk and uncertainty with closing the 163 Offer. Consequently, following extensive discussions with the Lenders and the need to act swiftly to avoid losing sales from the upcoming ski season, the Receiver had no alternative but to proceed with the Auction Offer.

### **Unsolicited Offers and Further Negotiations**

24. While in discussions with Maynards to finalize an auction agreement (the "**Auction Agreement**"), on October 9, 2024, the Receiver was contacted by FWC that they would now be amenable to quickly coming to an agreement to sell the IP Assets as part of an en-bloc offer.
25. On October 9, 2024, the Receiver was contacted by Mr. Steffen who indicated that he was working with a former interested party, Mr. Bradley Meadows ("**Meadows**"), to submit a new en-bloc offer. Up to this point, the Receiver was under the impression that Mr. Steffen was continuing to work with Accord to remove conditions on his offer prior to the Receiver's court application approving the Auction Agreement. The Receiver explained that it would review any offers submitted but would not be actively working to solicit any others due to the passing of the Offer Deadline. Given the uncertainty with this offer, the Receiver continued to make arrangements for an auction, including having Dentons review the terms of the Auction Agreement.
26. On October 11, 2024, the Receiver was contacted by another former interested party, Canadawide Sports Inc. ("**CSI**"). CSI indicated they did not submit an offer by the Offer Deadline due to their concerns with acquiring the IP Assets separately from FWC. The Receiver understands that FWC communicated with CSI and select other parties to indicate they would now be more agreeable to selling the IP Assets as a part of an en-bloc offer. As with Meadows, the Receiver explained to CSI that it would review any unsolicited offers submitted.
27. On October 14, 2024, CSI travelled to Vancouver to inspect the Company's equipment and inventory at the Premises. The Receiver did not provide additional information that was not previously made available in the Sales Process.

28. On October 18, 2024, CSI submitted an unsolicited offer to the Receiver (the "**CSI Initial Offer**") for both the Hard Assets and IP Assets of the Company.
29. The Receiver notes that the CSI Initial Offer included the following more significant terms and conditions:
  - a) An "as is, where is" offer for the purchase of the Hard Assets and IP Assets free and clear of all liens and encumbrances.
  - b) A Purchase price of \$650,000 with \$500,000 allocated to the Hard Assets and \$150,000 allocated to the IP Assets.
  - c) A refundable deposit of \$100,000, the amount of which was deposited into the Receiver's trust account on October 18, 2024.
  - d) Inclusion of IP Assets in the Receivership Order via an amendment for them to be transferred via the Approval and Vesting Order.
  - e) Inclusion of any contracts or agreements that may be assigned as directed by CSI (including the Lease for the Premises).
  - f) Closing by the fifth business day following removal of any conditions and no later than October 31, 2024.
30. On October 19, 2024, Meadows submitted an unsolicited offer to the Receiver through 1507344 B.C. Ltd. (the "**150 Initial Offer**") for both the Hard Assets and IP Assets of the Company.
31. The Receiver notes the 150 Initial Offer included the following more significant terms and conditions:
  - a) An "as is, where is" offer for the purchase of the Hard Assets and IP Assets free and clear of all liens and encumbrances.
  - b) A Purchase price of \$1.45 million with \$1.3 million allocated to the Hard Assets and \$150,000 allocated to the IP Assets.
  - c) A refundable deposit of \$217,500, the amount of which was confirmed to be held by 150's counsel on October 20, 2024.
  - d) Inclusion of IP Assets in the Receivership Order via an amendment for them to be transferred via the Approval and Vesting Order.
  - e) Assignment of the Lease for the Premises.
  - f) Inspection of the assets at the Premises on or before October 22, 2024.
  - g) Release of the Personal Guarantees of Mr. Steffen by RBC and FWC.
  - h) Removal of the conditions by October 28, 2024 with a completion date of no later than five (5) days following Court approval.
32. On October 21, 2024, the Receiver discussed the CSI Initial Offer and 150 Initial Offer with the Lenders. FWC noted that both offers were too low for the IP Assets and, that given the minimal recovery of \$150,000, FWC was prepared to instead hold onto the IP Assets indefinitely for the purposes of eventually running a sales process of their own. RBC also indicated that both offers were too low, in particular and in light of the release of the Personal Guarantees in the 150 Initial Offer, among other factors.
33. On October 21, 2024, the Receiver communicated to both parties that neither Lender was in a position to approve their offers as submitted and they both needed to come back with their

best and final offers. CSI indicated that it would be willing to modify the terms and conditions of the offer not agreeable to the Receiver and accelerate a closing, but would not be increasing the purchase price. Meadows indicated that he would reconsider the 150 Initial Offer after viewing the assets at the Premises.

34. On October 22, 2024, the Receiver allowed Meadows and Mr. Steffen access to the Premises for the purpose of reviewing the state of the inventory and equipment of the Company.
35. On October 22, 2024, Meadows submitted a revised offer for \$1.6 million with \$1.4 million allocated to the Hard Assets and \$200,000 allocated to the IP Assets. All other terms and conditions remained unchanged. The Receiver communicated the revised offer to both Lenders.
36. The Receiver held various discussions with both Meadows and the Lenders and ultimately came to an agreement with Meadows on October 29, 2024 for a total purchase price of \$1.7 million split as to \$1.45 million for the Hard Assets and \$250,000 for the IP Assets (the "**150 Final Offer**"). The 150 Final Offer was agreed to by both Lenders and a marked up version of the agreement for the 150 Final Offer was provided to Meadows on October 29, 2024. A copy of the 150 Final Offer is attached hereto as **Appendix "B"**.
37. On the morning of October 28, 2024, CSI submitted a revised offer after previously communicating to the Receiver that the CSI Initial Offer was the best and final offer. This offer was for \$850,000, with all other terms and conditions essentially the same, and was provided by CSI after the Receiver was moving forward with the 150 Final Offer. The Receiver notified CSI that it was moving forward with another party and CSI submitted another unsolicited offer on the evening of October 28, 2024 for \$1.225 million, split as to \$1.0 million for the Hard Assets and \$225,000 for the IP Assets (the "**CSI Revised Offer**").
38. On October 30, 2024, the Receiver followed up with Meadows in regards to the 150 Final Offer and was informed that the 150 Final Offer was being rescinded. The Receiver was aware that the 150 Final Offer involved Mr. Steffen working alongside the purchaser to restart G3's operations and involved employment and other agreements, but was not made aware there were any issues with these agreements until October 30, 2024. The Receiver understands that negotiations broke down on the evening of October 29, 2024, and that the parties could not come to an agreement on final terms and were not moving ahead.
39. On October 30, 2024, the Receiver contacted CSI and CSI was prepared to move forward with the CSI Revised Offer.
40. The Receiver held various discussions with the Lenders on October 30, 2024 and came to an agreement with RBC to reallocate the \$1.225 million in the CSI Revised Offer as to \$250,000 for the IP Assets and \$975,000 for the Hard Assets. This formed the basis of the CSI Final Offer and several mark ups were agreed to and the CSI Final Offer was executed by the Receiver and CSI on November 1, 2024. A copy of the unredacted version of the CSI Final Offer is attached hereto as **Appendix "C"**.
41. Concurrently, on October 31, 2024, the Receiver was contacted by another party, Mr. John McCall MacBain ("**MacBain**"), who indicated he was in discussions with Mr. Steffen regarding a potential purchase of the Company's assets on the same terms and conditions as the 150 Final Offer. MacBain indicated he needed some time to complete due diligence and could submit an offer by no earlier than November 7, 2024. The Receiver had a call with MacBain on the morning of November 1, 2024 to discuss his interest and the Receiver communicated that it was not in a position to delay until November 7, 2024 for the possibility of a new offer materializing and it was in the process of moving forward with a Court application for a sale approval in the next week.

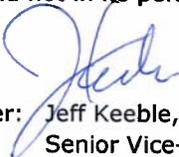
## Comments on the CSI Final Offer Purchase Price

42. The final purchase price agreed to under the CSI Final Offer was \$1.225 million, allocated as \$975,000 to the Hard Assets and \$250,000 to the IP Assets. This is a reduction to the purchase price under the 150 Final Offer of \$1.7 million, or \$1.45 million to the Hard Assets and \$250,000 to the IP Assets. The difference in the purchase price for the Hard Assets can be attributed to the fact that the 150 Final Offer required both Lenders to release the Personal Guarantees and related collateral on Mr. Steffen. The 163 Offer was from a related party and did not advance so it is not considered in this analysis.
43. RBC and FWC support the CSI Final Offer. The time required to sell, and market price uncertainty are critical factors for the Lenders. Even though the CSI Final Offer is a reduction to the purchase price under the 150 Final Offer, these offers contemplate different conditions. Among other things, the Lenders are not required to release the Personal Guarantees as a condition of the CSI Final Offer.

All of which is respectfully submitted at Vancouver, BC this 7th day of November, 2024.

### **DELOITTE RESTRUCTURING INC.**

In its capacity as Court-Appointed Receiver of  
G3 Genuine Guide Gear Inc.,  
and not in its personal capacity

  
Per: Jeff Keeble, CPA, CA, CIRP, LIT  
Senior Vice-President

## **Appendix "A"**

**Timeline Asset Services Appraisal dated September 4, 2024**

September 4, 2024

via email: [jkeeble@deloitte.ca](mailto:jkeeble@deloitte.ca)

Deloitte  
410 West Georgia Street  
Vancouver, BC V6B 0S7

Dear Mr. Keeble:

**RE: Appraisal of G3 Genuine Guide Gear Inc. (the Company) located at 3771 Marine Way, Burnaby, BC**

As requested, Timeline Asset Services Ltd. (TAS) has viewed the assets and inventory of the Company and reviewed inventory details prepared by the Company and provides the following appraisal report. The purpose of this report is to provide our opinions of Forced Liquidation Value (FLV) and Orderly Liquidation Value (OLV) to be used for decision-making purposes.

### Background/Inspection

On August 20, 2024, TAS met with Sally Bao from your office and conducted an inspection of the Company premises for the purpose of recording a detailed listing of Company-owned assets. We received an inventory listing from Deloitte and have used this as the basis for reviewing and valuating the inventory for our engagement.

The Company manufactured industry-leading gear for backcountry guides, skiers and snowboarders.

### Assets

Company-owned assets as detailed in Appendix A are comprised of shelving, pallet racking, air compressor, carts, dollies, walk-in freezer, custom test equipment, printing and laminating equipment, assembly equipment, assorted hand tools, worktables, office and computer equipment, office furnishings and warehouse equipment. Company-owned assets are stated with individual values in the summary below and detailed in attached Appendix A. Based on our inspection, the assets appear to be in good used condition. As per the scope of our engagement, we did not perform an operational analysis of the assets and assume that all assets are in good working condition.

### Inventory

Company-owned inventory covered in this report includes inventory as detailed in the inventory listing provided by Deloitte. This inventory comprises of raw materials and finished goods including skins, bindings, boards, poles, probes, helmets, crampons, baskets, brakes, straps, bags, glides, clips and large quantity of various parts for assembly.

The company-owned inventory stated value is based solely from a listing provided to us. The accuracy of the inventory listing was not confirmed by TAS but is assumed correct, from this TAS states our opinions of value on an aggregate basis as per the scope of our engagement.

### Stated Values-Total

<u>Description</u>	<u>FLV</u>	<u>OLV</u>
-Company-owned Assets	46,610	162,670
-Company-owned Inventory	135,000	350,000
<b>TOTALS</b>	<b>\$181,160</b>	<b>\$512,670</b>

### **Terms of this Report**

FLV represents an opinion of value of the gross proceeds realized from a sale at a properly advertised onsite auction of all assets and inventory with a time frame of 30 to 45 days to allow for proper advertising. Typical commission for an auction of this nature would be in the 25% to 30% range when blended with a minimum net guarantee.

OLV represents an opinion of value of the gross proceeds realized from a sale at a properly advertised orderly liquidation of all assets and inventory with a time frame of 90 to 180 days. We have made the assumption that the liquidator would make every effort to maximize returns by offering the assets and inventory for sale to various competitors in the local and regional marketplaces. In this scenario, we have also assumed that the Company would be actively involved in the liquidation process. Typical liquidator's commission for a file of this nature would be in the 20% to 25% range when blended with a minimum guarantee.

In both liquidation scenarios above, additional costs to consider would be rent, utilities, insurance, additional staffing, related professional fees and site clean-up.

In all values stated above, we take into account the quantity, quality and condition of product and the saleability and marketability of the assets and inventory and provide a gross dollar amount that does not consider cost of liquidation or removal. These values are stated in Canadian funds. Please note that the isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate. These values provided above can be strongly affected by fluctuations in market conditions, time available and method of sale.

### **Exclusions**

We have only valued assets as indicated to us through received correspondence. Additionally, we have excluded any employee belongings.

### **Limitations**

We have not confirmed the ownership of the assets and inventory and have assumed that all information provided by your office is accurate.

Further, due to market uncertainty, lack of manufacturing in North America, past bad snow years, high inventories of finished goods, slower sales, lower prices and other constraints, the realization process, timing and proceeds could be impacted in either a FLV or OLV scenario.

### **Restrictions**

The contents of this report are confidential and intended for use only by the addressee named above and other parties who are duly authorized.

### **Appraiser's Qualification Statement**

Since 1999, Greg Dyck has been employed in the auction and liquidation industry and is an accredited Member in Good Standing of the Canadian Personal Property Appraisers Group (CPPAG).

Through employment with Jarvis Auctions, Able Auctions, Timeline Sales and Timeline Asset Services, he has performed 100's of appraisals across companies of all sizes. He has appraised a wide variety of assets and inventories (finished/unfinished goods and raw materials) across many industries including, but not limited to: metal and wood working; manufacturing and production; restaurant and food services; warehouse and material handling; rolling

stock and vehicles; commercial printing and graphic design; logging and lumber; construction; aircraft and aviation; laboratory and research testing; office and computer products and retail outlets.

These appraisals have been prepared for insolvency and restructuring professionals, major accounting firms, banks and lending institutions, lawyers, insurance companies, government institutions, not-for-profits, private companies and individuals across Western Canada. As a commercial auctioneer and appraiser, he constantly tracks market trends in all industries and has substantial research relationships and resources at his disposal; this enables him to prepare detailed, accurate appraisal reports.

Should you have any questions regarding the above, please contact our office.

Yours truly,

Timeline Asset Services Ltd.



Greg Dyck, CPPA

ATTACH: Appendix A

## **Appendix A**

Asset and Inventory Listings and Appraisal

**G3 Genuine Guide Gear Inc. (the Company)**

**Location:**

- **3771 Marine Way, Burnaby, BC**

**Notes:**

This Appendix accompanies an appraisal report prepared for Deloitte. The assets and inventories were viewed by Greg Dyck, CPPA on August 20, 2024.

This Appendix should be read in conjunction with the appropriate appraisal report that explains specific definitions of values and details the scope of the reporting.

**APPENDIX A**  
**G3 Genuine Guide Gear Inc.**  
 Company-owned Assets

Description	Forced Liquidation Value	Orderly Liquidation Value
<b>INVENTORY FROM SPREADSHEET</b>		
- raw products	35,000	100,000
- finished goods	100,000	250,000
<b>Inventory Assets Sub Total</b>	<b>135,000</b>	<b>350,000</b>
<b>COMPANY ASSETS</b>		
- 5-tiered staff lockers - 30 doors	180	450
- baby beam lock shelving - 13 bays	1,300	2,600
- vertical material rack and 2-tiered cart	75	250
- older chest freezer	25	75
- Curtis 6 ft. x 9 ft. walk-in freezer	1,250	3,500
- custom freezer material holder	100	400
- custom ski camber testing station with cart and computer	350	1,250
- custom strength testing station / shop press	250	750
- custom binding test station	500	2,000
- shelving and work table	10	30
- custom compression testing system in cabinet	250	850
- Dillon load tester	175	800
- assorted tools	100	375
- Ryobi countertop bandsaw	35	75
- tool chests and contents	300	1,000
- Craftex drill press	75	250
- vices, wrenches, arbor press, drills, shop vac and skill saw	150	400
- bench grinder and sander	35	100
- Beaver countertop bandsaw	45	135
- Craftsman 10 in. compound miter saw	55	175
- anti-slip matting, parts bins and 3-tiered cart	100	225
- Delta countertop drill press	50	110
- hammers, tools, safety equipment and assorted custom tooling	300	1,350
- wood work benches	200	1,200
- Geo Knight K20S digital swing-away heat press	250	1,400
- layup table	30	100
- 8 chrome wire shelving units	240	800
- fan, vacuum and organizer	25	75
- workbench	30	100
- 3 chairs and 3 desks	100	250
- 4 laptop computers	400	1,600
- 7 computer monitors	140	350
- Brother printer	20	125
- 2-tiered cart	20	100
- filing cabinet	25	75
- Husky tool cabinet and contents	250	850
- scale and mat	25	100
- Mimaki UJF-3042 MKIle UV printer	1,750	6,500
- 37 steel portable metal stacking material rack	1,480	6,475
- 8 2-tiered polymer utility cart	320	1,000
- 50 bays of Redirack pallet racking with 4 levels and wire mesh decking	7,500	25,000
- 6-step ladder and 2-wheel dolly	30	100
- 12-step extension ladder	50	100
- Atlas Copco GA22+ FF 30hp rotary screw air compressor and air tank	3,500	10,000
- custom dolly	40	100
- 5 work tables	500	1,500

**APPENDIX A**  
**G3 Genuine Guide Gear Inc.**  
 Company-owned Assets

Description	Forced Liquidation Value	Orderly Liquidation Value
- box scales, computers, monitors, Zebra printers and fan	600	1,500
- section of roll case	50	250
- 4 lab height chairs	80	300
- HP printer	25	100
- microwave oven, bookcase, parts bins and coat tree	35	70
- toolbox and contents	75	250
- task chair and 2 desks	50	150
- 3 computers and 5 monitors	250	600
- slip printer and assorted office supplies	35	100
- 24 in. drum fan	40	85
- 5-step picking cart	150	600
- 4-door lateral filing cabinet	25	150
- Toyota 7BWS13 2500 walkie straddle stacker	1,250	5,000
- 2 pallet jacks	300	600
- 4-door legal cabinet and 3-step ladder	40	100
- 2-tiered cart	50	150
- Wintersteiger skitronic plus adjustment and testing system	200	750
- pallet jack	150	300
- 2 barbecues	40	150
- 2 panel carts	60	200
- lab chair and garbage can	30	100
- custom pump	25	125
- 32 in. drum fan	25	75
- custom punch press	100	500
- 2014 Practix OK-04 large format heat transfer machine with material unwinder and rewinder	2,500	10,000
- 2000 Practix OK-04 large format heat transfer machine with material unwinder and rewinder	1,500	5,000
- 3 chrome wire shelving units	75	225
- panel cart, work tables and chairs	90	225
- 4 carts	100	300
- The Mule narrow aisle material stacker with material pole	200	650
- Brother BAS-326G pattern sewing machine	300	1,350
- electric scissor table	250	1,250
- rolling workstation with computer and monitor	100	350
- Eastman ETS-M9000 SL-508 7' x 10' automatic fabric cutting table	1,250	3,500
- Rubbermaid rolling tool chest and contents	100	375
- steel shelf	50	150
- 3 dual Practix OK150 large gap heat transfer platen presses	1,500	7,500
- material cart	40	150
- custom-built workstation	300	1,250
- fans, garbage can and anti-fatigue mats	40	150
- work tables, utility cart and brooms and dust pans	100	400
- chrome wire shelving	30	75
- custom work table	300	1,150
- computer, monitor and slip printer	100	300
- Delta 16.5 in. drill press	175	750
- 2-door storage cabinet	40	175
- custom-built workstation	200	750
- arbor press, stool and step	100	300
- Orbitform machine assembly station	300	1,500
- custom fitter and arbor press	75	300

**APPENDIX A**  
**G3 Genuine Guide Gear Inc.**  
 Company-owned Assets

Description	Forced Liquidation Value	Orderly Liquidation Value
- folding table	10	40
- custom assembly table/calibration station	225	1,250
- drills, bins and chairs	100	400
- custom base plate assembly station	150	600
- drills, lights and work table	200	750
- assorted chairs	100	400
- utility cart	50	175
- calibration station with 2 work tables	175	550
- custom tooling and drills	250	800
- custom binding assembly station with Orbitform 310B and table	400	1,750
- 3 arbor presses	150	450
- rolling work table	40	250
- panel cart	50	250
- custom testing station	75	400
- binding accessory station and assorted supplies	250	1,250
- Epilogue laser mini, Quatro i-series extractor, computer, worktable and helix laser 8000 engraving system	1,000	3,500
- sander, lights, drills and assorted tools	125	350
- computer system, monitor, 3 slip printers and assorted supplies	200	750
- fire extinguisher	5	20
- storage organizer and lateral file	25	150
- 13 chrome wire shelving units	390	1,300
- Ikea desks and cabinet	125	350
- first aid and office supplies	100	225
- 18-door staff locker	100	400
- testing equipment and components	250	650
- 8 office chairs	100	300
- 2-door black storage cabinet	50	175
- older computer equipment	50	200
- Mark 10 motorized testing station with ESM301L stand	750	4,000
- 2-door lateral and 2-door storage cabinet	40	150
- 4-door lateral filing cabinet	35	150
- microwave, stand and toaster oven	20	60
- custom testing station	100	450
- lunch table and 2 benches	200	400
- 14 Ikea desks	200	500
- 7 4-door lateral filing cabinets	250	1,000
- 7 2-door lateral filing cabinets	125	500
- 4 Ikea cabinets	40	150
- shredder	10	45
- 3 laptop and computer systems	300	600
- 22 computer monitors	550	1,100
- 16 task chairs	320	800
- 23 client chairs	230	460
- 6 glass worktables	150	600
- 6 motorized adjustable desks	600	1,800
- 3-tiered cart	40	125
- 3 microwave ovens	15	75
- Keurig Excellenza Touch bean to cup commercial coffee maker	650	2,750
- garbage cans and anti-fatigue mats	35	125
- Samsung refrigerator	200	500
- 3-door lateral filing cabinet	40	125

**APPENDIX A**  
**G3 Genuine Guide Gear Inc.**  
 Company-owned Assets

Description	Forced Liquidation Value	Orderly Liquidation Value
- side table and bar fridge	25	75
- 4 Brother printers	120	400
- 2 wood stands	10	40
- 3 glass desks	100	225
- 3 stools and 6 white pedestals	75	200
- 4 plastic organizers	20	100
- 2 bar fridges and microwave oven	75	200
- armchair	30	125
- 2 Samsung 60 in. wall-mounted TV's	150	700
- shredder	25	75
- assorted office supplies and sample products	200	1,000
<b>Company Assets Sub Total</b>	<b>46,610</b>	<b>162,670</b>
<b>Company-owned Assets Total</b>	<b>181,610</b>	<b>512,670</b>

## **Appendix "B"**

**Offer to Purchase between the Receiver and 1507344 B.C. Ltd. dated October 19, 2024 and as amended on October 27, 2024 (unredacted)**

## OFFER TO PURCHASE

DATE: **October 19, 2024 as amended on October 27, 2024**

BETWEEN: **1507344 B.C. Ltd.** (the “**Purchaser**”)

AND: **DELOITTE RESTRUCTURING INC.**, in its capacity as the Court-Appointed Receiver of G3 Genuine Guide Gear Inc. (“**G3**”), and not in its personal capacity (the “**Receiver**”), pursuant to Supreme Court of British Columbia Action No. S245340, and the Receivership Order granted in that proceeding on August 9, 2024 (the “**Receivership Order**”).

### 1. **BASIC TERMS**

The basic terms of this offer to purchase between the Purchaser and the Receiver dated as of the date first above written (the “**Offer to Purchase**”) are:

(a) **Address of Purchaser:** Attention: Bradley Meadows  
Telephone: 604-763-6607  
Email Address: bm@phalanxadvisory.com

(b) **Address of Receiver:** Attention: Jeff Keeble  
Telephone: 604-235-4197  
Email Address: Jkeeble@deloitte.ca

(c) **Assets**

**The Receiver’s right, title and interest in the following assets (collectively, “the Assets”):**

**Inventory:** See Schedule A

**Equipment:** See Schedule B

**Other assets:** See Schedule B

**IP Assets:** See Schedule C

**The Lease Agreement** The lease agreement between Hallmark Holdings Ltd (the “**Landlord**”) and G3 dated March 17, 2015 in respect of the property municipally known as 3737-3779 Marine Way Burnaby, BC (the “**Leased Premises**”), as amended by the Lease Amending Agreement made as of January 27, 2020 (collectively, the “**Lease Agreement**”) including any and all prepaid rent, rent deposits and security deposits held by the Landlord on behalf of G3

(d) **Purchase Price:** One Million Seven Hundred Thousand Dollars (\$1,700,000), being the total price offered by the Purchaser to acquire the Assets.

One Million Four Hundred and Fifty Thousand Dollars (\$1,450,000) is allocated to the Assets other than the IP Assets and the remaining Two Hundred and Fifty Thousand Dollars (\$250,000) of the Purchase Price is allocated to the IP Assets

(e) **Deposit:** Two Hundred and Fifty-Five Thousand Five Hundred Dollars (\$255,000.00) (the “**Deposit**”).

The Deposit shall be 15% of the Purchase Price

(f) **Deposit To Be Paid To:** The Receiver

(g) **Acceptance Date (no less than 7 days after this Agreement is submitted to the Receiver):** October 28, 2024

(h) **Condition Removal Date:** October 28, 2024

(i) **Completion Date:** No later than Five (5) days following issuance of a court certified vesting order approving this Offer to Purchase, or such later date as the Receiver and the Purchaser may agree upon in writing.

(j) **Purchaser’s Designated Agent (if applicable)** \_\_\_\_\_

The foregoing basic terms are approved by the Purchaser and the Receiver (collectively, the “**Parties**”). Any reference in this Offer to Purchase to a term shall be construed to include the provisions set forth above as well as any additional relevant and/or applicable terms and conditions of this Offer to Purchase.

2. **OFFER**

The Purchaser hereby offers to purchase the Assets, free and clear of all encumbrances (specifically all encumbrances of the parties to the Order for Receivership and FWCU Capital Corp.), for the Purchase Price and upon the terms and conditions herein set forth, subject expressly to a further order of the Supreme Court of British Columbia (the “**Court**”) approving this Offer to Purchase (the “**Vesting Order**”) and the vesting of title to the Assets in the Purchaser upon the Completion Date.

The Purchaser acknowledges that the purchase of the Assets pertains exclusively to those outlined in Schedule A, Schedule B, and Schedule C and therefore does not include G3’s accounts receivable, prepaid expenses, or tax refunds.

3. **SPECIAL PROVISIONS - ORDER FOR RECEIVERSHIP**

(a) The acceptance of this Offer to Purchase by the Receiver is made pursuant to the Receivership Order and is neither made nor purported to be made as a seller or owner of the Assets. The acceptance of this Offer to Purchase by the Receiver is expressly subject to the approval by the Court, and all such other modifications, variations and orders of the Court, as may be applicable, and shall only become effective from and after an order is made by the Court approving this Offer to Purchase.

- (b) The Purchaser acknowledges and agrees that:
- (i) the date of any application by the Receiver for a Vesting Order to approve this Offer to Purchase shall be at the sole and arbitrary discretion of the Receiver and is anticipated to be on or around October 30, 2024;
  - (ii) at all times, the Receiver is subject to the jurisdiction and discretion of the Court to entertain other offers and to abide by any further orders the Court may make regarding the Assets and the Receivership Order;
  - (iii) the Receiver may choose to advocate, or the Receiver may be compelled to advocate that the Court consider other offers to obtain the highest price for the Assets, and in this regard, the Receiver gives no undertaking or commitment to the Purchaser to advocate or otherwise express support for the acceptance of this Offer to Purchase;
  - (iv) the Purchaser shall make its own arrangements to support this Offer to Purchase in Court;
  - (v) until an order of the Court is made approving this Offer to Purchase, the Receiver is at liberty to deal with any and all other prospective purchasers of the Assets;
  - (vi) the Receiver can disclose the amount of this Offer to Purchase, once accepted by the Receiver, to any person and the Offer to Purchase will become public information prior to the Court approval date; and
  - (vii) the Court may direct all bidders (including the original bidder under an accepted Offer to Purchase) to each forthwith submit a final bid in a one round, judicial sealed-bid auction. The Purchaser agrees to this procedure, and/or any other procedure directed by the Court in connection with the proposed sale and purchase of the Assets, without limitation in any way.
- (c) If the Court vacates, sets aside or varies a Vesting Order approving this Offer to Purchase for any reason whatsoever, then in connection therewith, the Receiver shall not be liable to the Purchaser or any other person in any way whatsoever other than to return the Deposit to the Purchaser forthwith.
- (d) This Offer to Purchase shall be terminated if, at any time before the Court issues a Vesting Order:
- (i) if the Receiver determines in its sole and arbitrary discretion that it is inadvisable to present this Offer to Purchase to the Court or to withdraw such Offer to Purchase from the Court prior to any determination by the Court regarding its approval; or
  - (ii) the Vesting Order is not granted or any other order of the Court (or other court of competent jurisdiction) renders the completion impossible or inadvisable or the Receiver is restrained or enjoined or otherwise prevented from completing the sale,
- and following such termination, the Receiver shall have no further obligations or liability to the Purchaser under this Offer to Purchase other than to return the Deposit forthwith.
- (e) If, and only if the Vesting Order is made by the Court, then the Purchaser shall be obligated to complete the purchase of the Assets on the Completion Date (or such other date as the

Vesting Order may stipulate), without regard to any appeal or application for leave to appeal, to vary or set aside the Vesting Order, by any person.

4. **DEPOSIT**

- (a) The Deposit shall be paid to the Receiver, by way of wire transfer or bank draft in accordance with the wire instructions set forth in Part I of Schedule D attached hereto, as follows:
  - (i) not later than two (2) business days following the acceptance by the Receiver of this Offer to Purchase, the Purchaser shall pay the Deposit.
- (b) The Receiver shall hold and deal with the Deposit "*in trust*" in accordance with the terms hereof or in accordance with any order of the Court if applicable.
- (c) The Deposit, when received by the Receiver, shall be held by the Receiver in an interest-bearing trust account until the Completion Date.
- (d) In holding and dealing with the Deposit, the Receiver is not bound in any way by any agreement other than this Offer to Purchase, if and as accepted by the Receiver. The Receiver shall not be considered to have assumed any duty, liability or responsibility other than to hold the Deposit in accordance with the provisions hereof and to pay the Deposit (or any accrued interest thereon) to either the Receiver or the Purchaser in accordance with the terms hereof or any order of the Court. In the event of a dispute between the Parties as to the legal entitlement to the Deposit, the Receiver may, in its discretion, pay the Deposit into Court, whereupon the Receiver shall have no further obligations relating to the Deposit. The Receiver shall not, under any circumstances, be required to verify or determine the validity of any notice or other document whatsoever delivered to the Receiver and the Receiver is hereby relieved of any liability or responsibility for any loss or damage which may arise as the result of the acceptance by the Receiver of any such notice or other document in good faith.
- (e) The Deposit, while held "*in trust*" by the Receiver, shall be dealt with as follows:
  - (i) if the Purchaser does not notify the Receiver of the satisfaction or waiver of the Purchaser's conditions precedent set out in Section 7(a), the Deposit, together with any accrued interest thereon, shall be returned to the Purchaser;
  - (ii) in connection with the completion of this purchase and sale transaction, the Deposit, together with any accrued interest thereon, while held "*in trust*" by the Receiver, shall be credited on account of the Purchase Price on the Completion Date, or, in lieu of such credit for accrued interest, the Receiver may pay an amount equal to such accrued interest directly to the Purchaser on the Completion Date or as soon as reasonably possible thereafter;
  - (iii) In the event that the facts set out in section 3(c) or 3(d) occur, the Deposit shall be paid by the Receiver to (without deduction of any commissions, brokerage fees or break fees) the Purchaser as the sole remedy, at law and in equity of the Purchaser against the Receiver;
  - (iv) if this Offer to Purchase is approved by the Court and this purchase and sale transaction is not subsequently completed in accordance with the terms hereof due to the default of the Purchaser hereunder, the Deposit shall be forfeited by the

Purchaser and retained by the Receiver (without deduction of any break fees) as the sole remedy, at law and in equity of the Receiver against the Purchaser; and

- (v) if this Offer to Purchase is approved by the Court and this purchase transaction is not subsequently completed in accordance with the terms hereof due to the default of the Receiver hereunder, the Deposit shall be paid by the Receiver to (without deduction of any commissions, brokerage fees or break fees) the Purchaser as the sole remedy, at law and in equity of the Purchaser against the Receiver.

- (f) The provisions of this Section 4 shall survive the termination of this Offer to Purchase.

## 5. PURCHASE PRICE

The net Purchase Price for the Assets, as adjusted pursuant to section 11 hereof (the “**Balance**”) shall be paid by the Purchaser to the Receiver on closing of the sale transaction in accordance with the Vesting Order.

## 6. AS IS, WHERE IS

- (a) The Purchaser acknowledges and agrees that the Purchaser:

- (i) is purchasing the Assets on a strictly “*as is, where is*” basis, as of the time of actual possession. Without limiting the generality of the foregoing, the Purchaser acknowledges and agrees that the Receiver has neither made, nor is required hereunder to make, any warranties or representations whatsoever with respect to the Assets, whether expressed or implied, including, without limitation, any warranty or representation as to physical, environmental or financial condition, size, dimensions, fitness for use or purpose, quality, or the existence of any defect, whether latent or patent; and

- (ii) has conducted all investigations and inspections with respect to the condition of the Assets, including but not limited to, physical or financial issues that the Purchaser deems appropriate and/or relevant.

- (b) If the Receiver has provided the Purchaser with any physical, financial or other reports or information regarding the Assets (the “**Information**”), including inventory listings obtained from G3’s books and records, and for greater certainty the Receiver is under no obligation to do so, the Purchaser acknowledges and agrees that the Receiver has not made and the Purchaser shall not assert that the Receiver made, any warranty or representation whatsoever regarding the Information, including the accuracy or completeness of the Information, and any use that the Purchaser or others may make of the Information is strictly at the Purchaser’s own risk.

## 7. CONDITIONS PRECEDENT

- (a) The Purchaser’s obligation to complete this purchase and sale transaction is subject to the following conditions, which are for the sole benefit of the Purchaser:

- (i) On or before 5:00 p.m. on October 22, 2024, the Purchaser shall have the opportunity to attend a site visit to allow the Purchaser to conduct its inspections with respect to the conditions of the Assets;

- (ii) the Receivership Order being expanded to include the Assets secured by FWCU Capital Corp. prior to or contemporaneously with the granting of the Vesting Order to allow the Vesting Order to vest all Asset in and to the Purchaser free and clear of all encumbrances;
- (iii) Royal Bank of Canada and FWCU Capital Corp. each releasing their personal guarantees of Oliver Steffen (also known as Oliver Steffan) and discharging all related collateral security granted by Oliver Steffen and registered against PID 007-782-209 effective upon the closing of the purchase and sale transaction contemplated by this Offer to Purchase;
- (iv) the consent of the Landlord to the assignment of the Lease Agreement;
- (v) on or before 5:00 p.m. on the Condition Removal Date, the Purchaser will have given written notice to the Receiver that:
  - (A) the Purchaser has satisfied itself, in its sole, absolute and subjective discretion, with respect to all aspects of the Assets, including, without limitation, the physical condition of the Assets, financial matters, and any matters of interest to the Purchaser whatsoever;
- (b) If the conditions set out in this Section have not been satisfied by the times specified in this Section, then the Purchaser may, by notice in writing to the Receiver, waive satisfaction of such conditions, in whole or in part, without prejudice to any of its other rights under this Offer to Purchase and elect to either complete or not complete this purchase and sale transaction.
- (c) If the Purchaser does not give notice to the Receiver by 5:00 p.m. on the Condition Removal Date that the conditions in this Section are satisfied or waived, then this Offer to Purchase will automatically be null and void upon the expiry of such time.
- (d) A portion of the Deposit in the amount of \$10.00 represents non-refundable consideration paid by the Purchaser for its right to satisfy or waive the conditions set out in this Section and the Receiver acknowledges the sufficiency in all respects of such consideration. Although the Purchaser's obligation to complete this purchase and sale transaction is subject to satisfaction or waiver of conditions, those conditions are not conditions to there being a binding agreement of purchase and sale between the parties respecting the Assets and until the time limited for the satisfaction or waiver of such conditions has expired, this Offer to Purchase is not void, voidable, revocable or, except for default, otherwise capable of being terminated by either of the Parties.

**8. REPRESENTATIONS AND WARRANTIES**

- (a) The Receiver makes no warranties or representations of any kind whatsoever, expressed or implied, with respect to any part of the Assets.

**9. GOOD AND SERVICES TAX**

- (a) The Purchaser confirms that it shall be registered on the Completion Date with Canada Revenue Agency or any successor thereto ("CRA") in compliance with Part IX of the *Excise Tax Act* (Canada) (the "Act") relating to the federal goods and services tax (the "GST").

- (b) The Purchase Price does not include GST and the Purchaser covenants, represents and warrants and confirms that it (as of the date hereof and as of each Completion Date):
- (i) shall be responsible for any GST and any other sales tax or similar tax payable with respect to the purchase of the Assets payable with respect to the subject transaction and account directly to CRA with respect thereto;
  - (ii) is purchasing the Assets as principal for its own account and the Assets are not being purchased by the Purchaser as an agent, trustee or otherwise on behalf of or for another person;
  - (iii) shall be liable and shall self-assess and remit to the CRA or, other applicable government authority, all GST which is payable under the Act in connection with the purchase of the Assets, all in accordance with the Act;
  - (iv) in the event that on the Completion Date the Purchaser is no longer validly registered as a registrant under Part IX of the Act for the purposes of goods and services tax such that the Receiver is required to remit the GST payable with respect to the closing of the purchase and sale transaction contemplated herein, the Purchaser shall deliver to the Receiver with the Balance amount of such GST payable on the Purchase Price; and
  - (v) shall confirm its GST registration number to the Receiver on or prior to the Completion Date by providing a signed certificate in the customary form.
- (c) The Purchaser shall indemnify and save harmless the Receiver from and against any and all GST, penalties, costs and/or interest which may become payable by or assessed against the Receiver as a result of any failure by the Purchaser to comply with the foregoing and such indemnity shall survive and shall not merge upon the completion of the sale of the Assets contemplated herein.

**10. COMPLETION DATE**

The purchase and sale of the Assets shall be completed on the Completion Date, subject always to the terms of the Vesting Order and any further order of the Court.

**11. ADJUSTMENTS AND ASSOCIATED TAXES**

- (a) The Purchaser shall be responsible for the payment of all GST payable in respect of the purchase and sale of Assets and the registration of the Vesting Order.

**12. POSSESSION**

- (a) Possession shall occur and shall be governed by operation of and pursuant to the terms of the Vesting Order and any further order of the Court.

**13. DELIVERY OF CLOSING DOCUMENTS**

- (a) On or before the Completion Date, the Receiver shall cause the Receiver's solicitors to deliver to the Purchaser's solicitors the following items, duly executed by the Receiver and in registrable form whenever appropriate, to be dealt with in accordance with section 15:

- (i) a Court-certified true copy of the Vesting Order, in registrable form (the “**Certified Vesting Order**”). The Vesting Order (and the Certified Vesting Order) shall describe the Purchaser exactly as the Purchaser appears at the upper right on the first page of this Offer to Purchase, so the Purchaser (as described at the upper right on the first page of this Offer to Purchase) shall appear as the owner of the Assets after completion of the purchase of the Assets. The Receiver shall not be bound by any term in this Offer to Purchase describing the Purchaser otherwise, or allowing the Purchaser to complete the Purchase with a different purchase-entity;
  - (ii) from each of Royal Bank of Canada and FWCU Capital Corp. a release and discharge of all guarantees granted by Oliver Steffen (also known as Oliver Steffan) in respect of the G3 indebtedness and of all collateral security relating thereto;
  - (iii) an assignment from the Landlord of the Lease Agreement to the Purchaser; and
  - (iv) such further certificates and assurances as may be required in the reasonable opinion of the Purchaser’s solicitors and the Receiver’s solicitors to transfer to and vest in the Purchaser, title to the Assets free and clear of any lien, charge, encumbrance or legal notation.
- (b) The Receiver shall arrange to obtain the Certified Vesting Order from the Registrar of the Court prior to the Completion Date.
  - (c) The Receiver and the Purchaser shall each deliver to or cause to be delivered to the other all such further documents and assurances as may be reasonably required to give full effect to the intent and meaning hereof.
  - (d) As soon as reasonably possible after the completion of the purchase and sale of the Assets and subject to section 12, the Receiver shall provide to the Purchaser all keys and security codes for access to the warehouse located at 3771 Marine Way, Burnaby, British Columbia.

14. **CLOSING PROCEDURE**

- (a) On or before the Completion Date the Purchaser shall pay to the Purchaser’s solicitors “*in trust*” the Balance as set out in section 5 of this Offer to Purchase.

15. **COMMISSIONS**

No commissions shall be paid to or by the Receiver in respect of the transactions contemplated herein.

16. **FEES AND EXPENSES**

All documents that are necessary to complete the purchase and sale of the Assets, including without limitation, the Certified Vesting Order, shall be prepared at the expense of the Receiver and will payable out of the proceeds of sale of the Assets. The Purchaser shall pay the expense of registering the Certified Vesting Order and GST due in respect of the transfer of the Assets to the Purchaser.

17. **TENDER**

Any tender of documents or money pursuant to this Offer to Purchase may be made upon the solicitor acting for the party on whom tender is desired, and it shall be sufficient that a bank draft is tendered instead of cash.

18. **ASSIGNMENT**

The Purchaser shall not be entitled to assign its interest in this Offer to Purchase without the prior written consent of the Receiver, in its sole discretion.

19. **ENTIRE AGREEMENT**

This Offer to Purchase (including the Schedules attached hereto) constitutes the entire agreement between the Parties in respect of the Assets, and it is understood and agreed that:

- (a) there are no representations, warranties or guarantees or promises affecting the Assets or this Offer to Purchase; and
- (b) there are no covenants, agreements, collateral agreements or conditions affecting the Assets or this Offer to Purchase,

in each case, other than as expressed in writing in this Offer to Purchase.

20. **TIME**

Time shall be of the essence hereof.

21. **NOTICE**

Any notices, requests or demands which may or are required to be given or made hereunder shall be in writing and served personally, faxed or e-mailed as follows:

- (a) if to the Purchaser, to the address, fax number or e-mail address and to the person set out in subsection 1(a); and
- (b) and if to the Receiver, to the address, fax number or e-mail address and to the person set out in subsection 1(b);

provided that either Party may change its address, fax number or e-mail address by written notice to the other and in such event this section shall be deemed to be amended accordingly. Any notice, request or demand given or made hereunder by personal delivery, fax or e-mail shall be conclusively deemed to have been given or made on the day it is actually delivered, faxed or e-mailed unless it is delivered, faxed or e-mailed after 5:00 p.m. (Vancouver time) or on a day other than a business day, in which case it shall be deemed to have been given or made on the next business day.

22. **ELECTRONIC TRANSFER OF FUNDS**

Notwithstanding any other provision of this Offer to Purchase, the Parties agree that, if the Purchaser is required by applicable legislation to cause the Balance to be paid by electronic transfer, then the Purchaser shall make all commercially reasonable efforts to ensure that the Balance is and shall be transferred to and received by the Receiver's solicitors, or as otherwise directed by the

Vesting Order, on or before 3:00 p.m. (Vancouver time) on the Completion Date. If for any reason out of the control of the Purchaser (which, for greater certainty, shall not include any event which is a default by the Purchaser under this Offer to Purchase), the Purchaser cannot ensure that such an amount shall be received by the Receiver's solicitors, or as otherwise directed by the Vesting Order, on or before the time and date set out above, then the Purchaser shall be entitled to pay such amount on or before 3:00 p.m. (Vancouver time) on the next business day following the Completion Date so long as, in addition to such amount, the Purchaser also pays at the same time interest on such amount, at a rate equal to the Prime Rate plus one percent (1%) per annum, for each day from and including the Completion Date to but not including the day such payment is made. "**Prime Rate**", as used herein, means that variable annual rate of interest quoted by the main branch of Royal Bank of Canada, Victoria, British Columbia, from time to time as the rate of interest used by it as a reference rate for setting rates of interest on Canadian dollar loans in Canada repayable on demand and commonly referred to by such bank as its "prime rate".

23. **GOVERNING LAW**

This Offer to Purchase and the agreement resulting therefrom shall be construed according to and governed by the laws of the Province of British Columbia.

24. **BINDING EFFECT**

This Offer to Purchase shall enure to the benefit of and be binding upon the Receiver and the Purchaser and their representative administrators, successors and permitted assigns.

25. **BUSINESS DAY**

- (a) In this Offer to Purchase, "**business day**" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.
- (b) If the date for the performance of any act or thing falls on a day which is a Saturday, Sunday or statutory holiday in British Columbia, then the date for the performance of such act or thing shall be extended to the next business day.

26. **EXECUTION BY ELECTRONIC MEANS**

This Offer to Purchase may be executed by the Parties and transmitted by fax or other electronic means and if so executed and transmitted this Offer to Purchase shall be for all purposes as effective as if the Parties had delivered an executed original Offer to Purchase.

27. **EXECUTION IN COUNTERPARTS**

This Offer to Purchase may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

28. **OFFER**

This Offer to Purchase is irrevocable and open for acceptance by the Receiver, in the manner indicated below, until but not after 5:00 p.m. Vancouver local time on the Acceptance Date, and if not accepted on or before such time and date shall be absolutely null and void. This Offer to Purchase may be accepted by the Receiver executing this Offer to Purchase and returning same to the Purchaser, and when accepted, this Offer to Purchase shall constitute a binding agreement of Purchase and purchase of the Assets in accordance with the terms hereof.

The Purchaser has executed this Offer to Purchase this 19<sup>th</sup> day of October, 2024.

**1507344 B.C. Ltd.**  
By: Bradley Meadows  
(Authorized Signatory)

Bradley Meadows, President and CEO  
(Name & Title)

**THE RECEIVER'S ACCEPTANCE**

In consideration of the Purchaser paying the Deposit to the Receiver as provided in subsection 4(a), and in further consideration of the covenants and agreements of the Purchaser contained in this Offer to Purchase, the Receiver hereby accepts the Purchaser's offer herein, subject to the terms and conditions hereof, including without limitation, the requirement to seek the approval by the Court of this Offer to Purchase.

IN WITNESS WHEREOF the Receiver has executed this Offer to Purchase this \_\_\_ day of October, 2024.

**DELOITTE RESTRUCTURING INC., in its capacity as the Court-Appointed Receiver of G3 Genuine Guide Gear Inc., and not in its personal capacity**

By: \_\_\_\_\_  
(Authorized Signatory)

\_\_\_\_\_  
(Name & Title)

**SCHEDULE A**  
**INVENTORY**

1401-7933-4923.5

## **SCHEDULE B**

### **EQUIPMENT, FURNATURE AND OTHER ASSETS:**

1. Any and all equipment and furniture owned by G3 wheresoever situate including, without limitation, the equipment and furniture set out on the following page of this Schedule B and located at the Leased Premises. For greater certainty equipment shall include any and all servers and other IT related assets that are not specifically listed on the following page of this Schedule B.
  
2. Any and all books and records of G3 located at the Leased Pemises or otherwise, which includes (i) all of the Companies' files, documents, instruments, papers, books and records (wether stored or maintained in hard copy, digital or electronic format or otherwise), and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), used or intended for use by, or in the possession of the Companies or any of their respective Affiliates including drawings, engineering information, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, documents and records relating to 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.
  
3. Any and all of G3's right title and interest in the 2021 Mercedes-Benz/2C144X with VIN W1W4EBVY3MP414243.

## **SCHEDULE C IP ASSETS**

**“IP Assets”** means G3’s domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications (the **“Patents”**); (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property, and any options and rights to use any of the foregoing.

For greater certainty, the IP Assets shall include the Patents listed on the next page of this Schedule C.

**SCHEDULE D  
WIRING INSTRUCTIONS**

**PART I – RECEIVER WIRING INSTRUCTIONS**

For **CAD Wire Payments:**

Beneficiary Account: 03215 1160860

Beneficiary Name: Deloitte Restructuring Inc. ITF G3 Genuine Guide Gear Inc. In Receivership

Beneficiary Address: Level 19 - 410 West Georgia Street, Vancouver, BC V6B 0S7

Beneficiary Bank: Royal Bank of Canada - 6th Floor, 885 West Georgia Street, Vancouver BC V6C 3G1

SWIFT: ROYCCAT2, Institution: 003, Transit 03215

**PART II – WIRING INSTRUCTIONS OF THE RECEIVER'S SOLICITOR**

[to be added by the Receiver upon receipt of completed PSA]

## **Appendix "C"**

**Asset Purchase Agreement between the Receiver and Canadawide Sports Inc.  
dated November 1, 2024 (unredacted)**

**ASSET PURCHASE AGREEMENT**

**THIS AGREEMENT** made the 1<sup>st</sup> day of November, 2024,

**AMONG:**

**DELOITTE RESTRUCTURING INC.**, in its capacity as receiver of the assets, property and undertakings of G3 Genuine Guide Gear Inc., and not in its personal capacity

(hereinafter referred to as the “Vendor”),

- and -

**CANADAWIDE SPORTS INC.**, a corporation incorporated under the laws of Ontario

(hereinafter referred to as the “Purchaser”)

**WHEREAS:**

- (1) G3 Genuine Guide Gear Inc. (the “Debtor”) is a corporation incorporated pursuant to the laws of the Province of British Columbia;
- (2) Deloitte Restructuring Inc. has been appointed as Receiver of certain assets, properties, and undertakings (collectively, the “Limited Property”) of the Debtor by Court Order dated August 9, 2024 (the “Appointment Order”);
- (3) The Purchaser seeks to purchase from the Receiver, all of the Receiver and Debtor’s rights title and interest in and to all assets, property, interests and undertakings of the Debtor, including in and to any property, interests or undertakings of the Debtor as are not presently within the scope of the Receiver’s Appointment pursuant to the terms of the Appointment Order (all such property, rights and interests, inclusive of but not limited to the Limited Property, being the “Property”); and
- (4) Subject to the foregoing and the terms herein, the Vendor desires to sell all or substantially all of the Property of the Debtor and the Purchaser has agreed to purchase such assets subject to the terms and conditions set forth in this Agreement.

**THIS AGREEMENT WITNESSES THAT** in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

**1. INTERPRETATION**

- 1.1 Defined Terms.** For the purposes of this Agreement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) **“Accounts Receivable”** means, on any date, all accounts receivable and tax refunds (including HST refunds) generated in the operation of the Debtor’s business, together with any unpaid interest or fees accrued thereon which are outstanding on such date and the full benefit of all security or collateral for such amounts, including recoverable advances and deposits, and any proceeds of claims made by the Debtor against third parties;
- (b) **“Affiliate”** has the meaning given to the term “affiliate” in the *Canada Business Corporations Act*;
- (c) **“Agreement”** means this asset purchase agreement, as amended from time to time in accordance with the terms hereof;
- (d) **“Applicable Law”** means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event;
- (e) **“Approval and Vesting Order”** means an order by the Court substantially in the form attached as Schedule “D”, expanding the appointment of the Receiver to include, together with the Limited Property, all Property which is not Limited Property, authorizing the Transaction and vesting in the Purchaser (or as the Purchaser may direct) all the right, title and interest of the Debtor in and to the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances);
- (f) **“Assignment Order”** means an order or orders of the Court, in form and substance satisfactory to the Purchaser, acting reasonably, authorizing and approving (i) the assignment of any Consent Required Contract for which a consent, approval or waiver necessary for the assignment of such Consent Required Contract has not been obtained, (ii) the prevention of any counterparty to such Consent Required Contracts from exercising any right or remedy under such Consent Required Contracts by reason of any defaults arising from the Receivership Proceedings or the insolvency of the Debtor and (iii) the vesting in the Purchaser (or as it may direct) of all right, title and interest of the Vendor and the Debtor in such Consent Required Contracts;
- (g) **“Assumed Contracts”** means the Contracts set out at Schedule A;
- (h) **“Assumed Liabilities”** has the meaning set out in Section 2.4, but for greater certainty does not include the Excluded Liabilities;
- (i) **“BIA”** means the *Bankruptcy and Insolvency Act (Canada)*;
- (j) **“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, and in the possession of the Vendor, in connection with the ownership, or operation of the Purchased Assets, including the 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, credit records, records relating to suppliers and other data, in each case, relating to the Purchased Assets, and, for greater certainty, excluding the minute books and corporate records of the Vendor;

- (k) **“Business Day”** means any day which is not a Saturday, a Sunday or a statutory holiday in British Columbia or Ontario;
- (l) **“Cash Portion of the Purchase Price”** means the Purchase Price, less the amount of the Deposit funds;
- (m) **“Claims”** means any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, chose in or cause of action, suit, default, assessment, litigation, third party action, arbitral proceeding or proceeding by or before any Person;
- (n) **“Closing”** means the successful completion of the Transaction;
- (o) **“Closing Date”** means the fifth (5<sup>th</sup>) business day following the day that all of the conditions set out in Section 7.5 hereof are satisfied provided that such date shall not be later than the Outside Date, unless otherwise agreed by the parties hereto. Notwithstanding the foregoing, the Closing Date may also be such earlier or later date as may be mutually agreed upon by the parties hereto;
- (p) **“Closing Documents”** means all instruments of conveyance and other documentation and assurances relating to the purchase and sale of the Purchased Assets contemplated to be delivered on or prior to the Closing Time pursuant to the terms hereof;
- (q) **“Closing Time”** means 2:00 p.m. (Toronto time) on the Closing Date;
- (r) **“Consent Required Contract”** has the meaning set out in Section 2.2;
- (s) **“Contract”** means any written agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral, to which the Debtor is a party constituting part of the Purchased Assets identified in writing by the Purchaser on or before Closing, including, for greater certainty, all Contracts listed in Schedule “A” to this Agreement, as may be amended from time to time;
- (t) **“Court”** means the Supreme Court of British Columbia;
- (u) **“Cure Costs”** means all amounts required to be paid pursuant to the Assignment Order to effectuate the assignment by the Vendor and assumption by the Purchaser of Consent Required Contracts under the Assignment Order.
- (v) **“Debtor”** has the meaning set out in the recitals hereto;

- (w) **“Deposit”** shall have the meaning assigned to it under Section 3.2 and shall be interpreted as including any interest which has accrued thereon while being held in trust by the Receiver, in accordance with the terms herein;
- (x) **“Employee Plans”** means each retirement, pension, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plan or arrangement or other employee benefit which is maintained, or otherwise contributed to or required to be contributed to, by the Debtor for the benefit of employees or former employees of the Debtor, whether oral or written;
- (y) **“Employees”** means all individuals who are employed by, or serve as independent contractors to, the Debtor, whether on a full-time or a part-time basis, whether active or inactive as of the Closing Date, and includes all employees on short term or long-term disability leave;
- (z) **“Employment Legislation”** means, collectively, the *Labour Relations Act, 1995* (Ontario), the *Ontario Human Rights Code*, the *Occupational Health and Safety Act* (Ontario), the *Pay Equity Act* (Ontario), the *Employment Standards Act, 2001* (Ontario), the *Pension Benefits Act* (Ontario), the *Workers' Compensation Act* (Ontario) and the *Employment Insurance Act* (Canada), and any similar legislation in any other jurisdiction in which the Purchased Business is conducted;
- (aa) **“Encumbrance”** means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, restriction, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing, or any right of a third party of any nature or kind whatsoever 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);
- (bb) **“ETA”** or **“Sales Tax Legislation”** means Part IX of the *Excise Tax Act* (Canada) together with the regulations made thereunder, as amended from time to time as well as any similar provincial legislation;
- (cc) **“Excluded Assets”** has the meaning set out in Schedule B;
- (dd) **“Excluded Contracts”** means those Contracts which are not listed on Schedule “A”;
- (ee) **“Excluded Equipment”** means any equipment or machinery and any parts and components thereof, that are Excluded Assets.
- (ff) **“Excluded Liabilities”** has the meaning set out in Section 2.5;
- (gg) **“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;

- (hh) **“GST”, “HST” or “Sales Taxes”** means all taxes payable under the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;
- (ii) **“Income Tax Act”** means the *Income Tax Act* (Canada);
- (jj) **“Intellectual Property”** means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, recipes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored, including without limitation any specific intellectual property enumerated in Schedule “A” hereto, together with all of the Debtor’s and Vendor’s right, title and interest in and to the same;;
- (kk) **“Landlord”** means the Hallmark Holdings Ltd., and includes any other Person whose consent is required for the assignment of the Debtor’s interest in the Lease to the Purchaser;
- (ll) **“Lease”** means the Lease Agreement dated March 17, 2015, among the Landlord and the Debtor, as amended by a Lease Amending Agreement made as of January 27, 2020
- (mm) **“Login Credentials”** means the login credentials for any software or programs that form part of the Purchased Assets;
- (nn) **“Non-Assignable Interests”** means any Purchased Assets which, by their nature cannot be legally or practically sold and assigned by the Vendor to the Purchaser hereunder, including without limitation any Consent Required Contracts for which an Assignment Order or counterparty consent has not been obtained;
- (oo) **“Ordinary Course of Business”** means the ordinary course of business of the Debtor with respect to the Purchased Assets consistent with the conduct of

such business on the date hereof and consistent with the Orders of the Court in the Receivership Proceedings;

- (pp) **“Outside Date”** means November 30, 2024 or such later date as the Parties may agree from time to time;
- (qq) **“Party”** means the Purchaser or the Vendor, and collectively, the **“Parties”**;
- (rr) **“Permitted Encumbrances”** means those Encumbrances set forth in Schedule “C”, and such additional Encumbrances as may be added to such Schedule “C” by the Purchaser at any time prior to the Closing Date;
- (ss) **“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;
- (tt) **“Proceedings”** has the meaning set out in Section 2.5(f);
- (uu) **“Property”** means all assets, properties, rights, interests and undertakings of the Debtor;
- (vv) **“Purchase Price”** means \$1,225,000, plus any applicable Transfer Taxes;
- (ww) **“Purchased Assets”** means all of the Receiver’s right, title and interest, in and to the assets and other property used in the business of the Debtor as set forth in Schedule “A”, but excluding the Excluded Assets.
- (xx) **“Purchaser”** has the meaning set out in the recitals hereto;
- (yy) **“Receiver”** means Deloitte Restructuring Inc, in its capacity as Receiver of the Property of the Debtor, and not in its personal capacity;
- (zz) **“Receiver’s Certificate”** means the certificate of the Receiver contemplated by the Approval and Vesting Order certifying that the Receiver has received written confirmation in form and substance satisfactory to the Receiver from the Parties that all conditions of Closing have been satisfied or waived by the applicable Parties, that the Receiver has received the Cash Portion of the Purchase Price and that the Transaction has been completed to the satisfaction of the Receiver;
- (aaa) **“Receivership Proceedings”** means Supreme Court of British Columbia Action No. S245340 and any related proceedings to which the Debtor is currently subject;
- (bbb) **“Representative”** means, in respect of a Party, each director, officer, employee, agent, Affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party’s Affiliates;

(ccc) **“Transaction”** means the transaction of purchase and sale contemplated by this Agreement;

(ddd) **“Transfer Taxes”** means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including Sales Taxes but excluding any taxes imposed or payable under the *Income Tax Act* and any other applicable income tax legislation; and

(eee) **“Vendor”** has the meaning set out in the recitals hereto.

- 1.2 Currency.** Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.
- 1.3 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.
- 1.4 General Construction.** 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.
- 1.5 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.
- 1.6 Sections and Headings.** The division of this Agreement into Articles and Sections and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or Schedule refers to the specified Article or Section of or Schedule to this Agreement.
- 1.7 Number, Gender and Persons.** In this Agreement, words importing the singular number only shall include the plural and *vice versa*, words importing gender shall include all genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.
- 1.8 Accounting Principles.** Any reference in this Agreement to generally accepted accounting principles refers to generally accepted accounting principles which have been established in Canada for private enterprises, including those approved at the applicable time by the Chartered Professional Accountants of Canada or any successor body thereto.
- 1.9 Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

- 1.10 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.
- 1.11 Time of Essence.** Time shall be of the essence of this Agreement.
- 1.12 Applicable Law.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each of the parties hereto hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.
- 1.13 Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.
- 1.14 Best Efforts.** The parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of any party to use its best efforts to obtain any waiver, consent, approval, permit, licence or other document shall not require such party to make any payment to any person for the purpose of procuring the same, other than payments for amounts due and payable to such person under the terms of any agreement as it stood prior to the date of this Agreement, payments for de minimis incidental expenses incurred by such person and payments required by any applicable law or regulation.
- 1.15 Schedules.** The following Schedules are attached to and form part of this Agreement:
- Schedule A - Purchased Assets
  - Schedule B - Excluded Assets
  - Schedule C - Permitted Encumbrances
  - Schedule D - Form of Approval and Vesting Order
  - Schedule E - Purchase Price Allocation
- 2. PURCHASE AND SALE OF PURCHASED ASSETS**
- 2.1 Purchased Assets.** Subject to the provisions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, effective as of the Closing Time, the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order.
- 2.2 Assignment of Contracts.** In the event that there are any Contracts which are not assignable in whole or in part without the consent, approval or waiver of another party or parties to them (each a "Consent Required Contract") and such consents, approvals or waivers have not yet been obtained as of the Closing Date, then:

- (a) nothing in this Agreement will be construed as an assignment of any such Contract;
- (b) until the Approval and Vesting Order is granted, the Vendor shall use its best efforts to obtain any such consent, approval or waiver and the Purchaser shall provide its reasonable cooperation to assist the Vendor in obtaining any such consent, approval or waiver;
- (c) if any consent, approval or waiver is not obtained for any Consent Required Contract prior to the service of the motion for the Approval and Vesting Order, the Purchaser may request that the Vendor bring a motion to the Court for issuance of an Assignment Order with respect to such Consent Required Contracts together with the motion for the Approval and Vesting Order; and
- (d) if the consent, approval or waiver to the assignment of a Consent Required Contract is obtained, or the assignment of such Contract has been ordered by the Court, such Consent Required Contract shall be deemed to be assigned to the Purchaser on Closing.

With respect to each Consent Required Contract, subject to Closing and to either (i) the consent of the other parties thereto to the assignment thereof, or (ii) in the absence of such consent, the obtaining of an Assignment Order, in addition to its other obligations under this Agreement, the Purchaser shall pay the applicable Cure Costs related to such Consent Required Contract on Closing.

**2.3 “As is, Where is”.** The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis as they shall exist as at the Closing Time. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets. No representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. The description of the Purchased Assets contained in the Schedules is for purpose of identification only. Except as otherwise provided in Article 4, no representation, warranty or condition has or will be given by the Vendor concerning completeness or accuracy of such descriptions.

**2.4 Assumed Liabilities.** The Purchaser shall assume and perform, discharge and pay when due the following obligations and liabilities of the Vendor (the “Assumed Liabilities”) after the Closing:

- (a) all debts, liabilities and obligations under the Contracts (to the extent assigned or transferred to the Purchaser on Closing) for the period from and after the Closing Time;
- (b) the obligations and liabilities of the Vendor pursuant to the licences, permits, approvals, consents, registrations, certificates and other authorizations forming part of the Purchased Assets;
- (c) the obligation and liability of the Vendor or the Debtor to pay Cure Costs in respect of any Contract; and

- (d) all debts, liabilities and obligations arising from ownership and use of the Purchased Assets for the period from and after the Closing Time.

**2.5 Excluded Liabilities.** Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable, directly or indirectly, or otherwise responsible for any debts, liabilities or other obligations of the Debtor, including, without limiting the generality of the foregoing:

- (a) all debts, liabilities, obligations or Claims related to any Employee Plans, Employees (including pursuant to Employment Legislation) or any Excluded Asset, including all obligations and liabilities owing by the Vendor or the Debtor pursuant to any Excluded Contract;
- (b) all debts, liabilities and obligations related to any Purchased Asset arising out of or related to the period prior to the Closing Time;
- (c) all obligations of the Vendor and the Debtor relating to Encumbrances on the Purchased Assets existing prior to the Closing Time, other than Permitted Encumbrances;
- (d) Claims in respect of any breach of any Contract to which the Debtor is a party or by which it may be bound occurring prior to the Closing Time;
- (e) all obligations and liabilities owing by the Debtor to any Affiliate;
- (f) all past, present or future obligations and liabilities of the Vendor under any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute resolution procedure, investigation or inquiry by any governmental administrative, regulatory or similar body, or any similar matter or proceeding (collectively, "Proceedings");
- (g) all debts, liabilities and obligations for or related to any obligation for any taxes, including Sales Taxes, that are not expressly assumed by the Purchaser;
- (h) all taxes imposed on or relating to the Purchased Assets that are attributable to any pre-Closing tax period whether or not any such period ends on or before the Closing Date (other than any Transfer Taxes); and
- (i) all debts, liabilities and obligations of the Vendor arising under this Agreement,

with the foregoing being collectively referred to as the "Excluded Liabilities".

### **3. PURCHASE PRICE**

**3.1 Purchase Price.** The aggregate purchase price (the "Purchase Price"), payable by the Purchaser to the Vendor for the Purchased Assets is:

- (a) the sum of \$1,225,000; plus
- (b) any applicable Transfer Taxes; and

- (c) assumption of the Assumed Liabilities.

### **3.2 Deposit**

Concurrent with the Receiver's acceptance of the Purchaser's offer and this Agreement, the Purchaser shall pay to the Receiver's Solicitors, in trust, a deposit of one hundred thousand dollars (\$100,000), by wire (the "**Deposit**"), which Deposit shall be held by the Receiver in trust in accordance with the provisions of this Agreement pending completion or other termination of this Agreement and shall be applied against and towards the Purchase Price due on completion of the Transaction on the Closing Date.

In holding and dealing with the Deposit, the Receiver is not bound in any way by any agreement other than this Offer to Purchase, if and as accepted by the Receiver. The Receiver shall not be considered to have assumed any duty, liability or responsibility other than to hold the Deposit in accordance with the provisions hereof and to pay the Deposit (or any accrued interest thereon) to either the Receiver or the Purchaser in accordance with the terms hereof or any order of the Court. In the event of a dispute between the Parties as to the legal entitlement to the Deposit, the Receiver may, in its discretion, pay the Deposit into Court, whereupon the Receiver shall have no further obligations relating to the Deposit. The Receiver shall not, under any circumstances, be required to verify or determine the validity of any notice or other document whatsoever delivered to the Receiver and the Receiver is hereby relieved of any liability or responsibility for any loss or damage which may arise as the result of the acceptance by the Receiver of any such notice or other document in good faith.

### **3.3 Satisfaction of Purchase Price.** Provided that all conditions precedent to Closing have been satisfied or waived in accordance with Article 7, the Purchase Price shall be paid and satisfied on Closing as follows:

- (a) The Deposit shall be released from trust, together with any accrued interest thereon, and applied to the Purchase Price;
- (b) As to the Cash Portion of the Purchase Price, by wire transfer in immediately available funds paid to the Receiver or as the Receiver may direct in writing; and
- (c) as to the dollar value of the Assumed Liabilities, by the assumption by the Purchaser of the Assumed Liabilities.

### **3.4 Allocation of the Purchase Price**

Shall be in accordance with Schedule "E" hereto.

### **3.5 Transfer Taxes.**

- (a) The Parties agree that:
  - (i) the Purchase Price is exclusive of all Transfer Taxes and the Purchaser shall be liable for and shall pay any and all applicable Transfer Taxes pertaining to the Purchaser's acquisition of the Purchased Assets;

- (ii) subject to Section 3.5(a)(iii), the Purchaser shall pay any applicable Transfer Taxes on the Purchaser's acquisition of the Purchased Assets in addition to the Purchase Price, either to the Receiver (as Vendor) or directly to the appropriate governmental Authority, as required by Applicable Law;
- (iii) if applicable, the Vendor and the Purchaser shall jointly elect that no Sales Taxes are payable pursuant to the Sales Tax Legislation with respect to the purchase and sale of the Purchased Assets under this Agreement and the Purchaser will file an election pursuant to section 167 of the Sales Tax Legislation, prepared by the Purchaser and made jointly by the Purchaser and the Vendor, in compliance with the requirements of the Sales Tax Legislation.

The Purchaser shall indemnify the Vendor for any Sales Tax, interest and penalties applicable to the Vendor on the sale of the Purchased Assets caused by the Purchaser's failure to file a valid election, whether under section 167 of the Sales Tax Legislation or otherwise, within the prescribed time.

- (b) If requested by the Purchaser, and to the extent such elections are appropriate, the Vendor shall make:
  - (i) a joint election(s) to have the rules in section 22 of the *Income Tax Act*, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply in respect of the Accounts Receivable and other assets described in section 22 of the *Income Tax Act* to designate in such election an amount equal to the portion of the Purchase Price allocated to such assets pursuant to Schedule "E" as the consideration paid by the Purchaser therefor; and
  - (ii) a joint election(s) to have the rules in subsection 20(24) of the *Income Tax Act*, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Vendor in respect of undertakings which arise from the operation of the business to which the Purchased Assets related and to which paragraph 12(1)(a) of the *Income Tax Act* applies.

#### **4. REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

##### **4.1 Residency.** The Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) or any Sales Tax Legislation.

With the exception of the Vendor's representations and warranties in this Article 4, neither the Vendor nor its Representatives shall be deemed to have made any other representation or warranty, express or implied, at law or in equity, in respect of the Vendor or the Purchased Assets or the sale and purchase of the Purchased Assets pursuant to this Agreement.

## **5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants to the Vendor as follows and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

**5.1 Organization.** As of the Closing Date, each of the corporations comprising the Purchaser shall be validly existing in good standing under the laws of its jurisdiction of incorporation.

**5.2 Corporate Power and Authorization.** As of the Closing Date,

- (a) the Purchaser shall have the corporate power and capacity to ratify its adoption of this Agreement pursuant to Section 21(2) of the *Ontario Business Corporations Act* and to perform its obligations hereunder;
- (b) this Agreement shall have been duly authorized by the Purchaser;
- (c) each of the agreements, contract and instruments required by this Agreement to be delivered by the Purchaser at the Closing Time has been or will be duly authorized by the Purchaser;
- (d) this Agreement shall have been duly executed and delivered by the Purchaser and shall be a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
- (e) each of the agreements, contracts and instruments required by this Agreement to be delivered by the Purchaser will be duly executed and delivered by the Purchaser and will be legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

**5.3 No Violation.** The execution and delivery of this Agreement by the Purchaser and the consummation of the transactions herein provided for will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Purchaser under:

- (a) any Contract to which the Purchaser is a party or by which it is bound;
- (b) any provision of the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Purchaser;
- (c) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over the Purchaser; or
- (d) any applicable law, statute, ordinance, regulation or rule, save and except for those matters set out as conditions to Closing.

**5.4 GST Registration.** At the Closing Time, each of the corporations comprising the Purchaser shall be registrants for purposes of the ETA and shall provide the Vendor with evidence thereof.

## **6. COVENANTS**

**6.1 Access Rights.** Upon reasonable prior notice by the Purchaser to the Vendor and at any time prior to the Closing Date, the Purchaser may have reasonable access to the Purchased Assets, specifically any customer and source code directory or repository, and in each case prior to Closing for the purpose of enabling the Purchaser to conduct such inspections of the Purchased Assets as it deems appropriate, acting reasonably. Such inspection shall only be conducted in the presence (including via screenshare) of a representative of the Vendor, if so required at the discretion of the Vendor, or via a "view only mode" login account established by the Vendor for inspection purposes. The Purchaser agrees to indemnify and save the Vendor and its Representatives harmless from and against all Claims incurred or arising from or in any way directly related to physical harm to property or people caused by the Purchaser's inspection of the Purchased Assets or the attendance of the Purchaser, its employees or agents at properties or in the software comprising part of the Purchased Assets or at or in which any of the Purchased Assets are situate. For greater certainty, other than a breach of this Agreement by the Vendor, the Vendor shall not be responsible to indemnify and save the Purchaser harmless from or against the findings of the Purchaser's inspection.

**6.2 Conduct Prior to Closing.** Without in any way limiting any other obligations of the Vendor hereunder, during the period from the date hereof until such time as the Purchaser is confirmed as the Successful Bidder:

- (a) ***Commercially Reasonable Efforts*** The Vendor agrees to take all such actions as are within its power to control and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, to:
  - (i) remain in possession of the Purchased Assets (including any third party licences therein) until Closing, use the Purchased Assets only in the Ordinary Course of Business, to the extent applicable, and maintain, preserve and protect the Purchased Assed in the conditions in which they exist on the date hereof, other than ordinary wear and tear and other than replacements, dispositions, modifications or maintenance in the Ordinary Course of Business, to the extent applicable;
  - (ii) not dispose of any of the Purchased Assets (including any third-party licences therein); and
  - (iii) not amend in any material respect or in a manner outside the Ordinary Course of Business, to the extent applicable, any Assumed Contract or waive any material rights thereunder, or disclaim any Assumed Contract that is material to the business of the Debtor without the consent of the Purchaser.
- (b) ***Access to Documents:*** The Vendor agrees to take all such actions as are within its power to control and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, to facilitate the Purchaser having access to the books, records, contract,

agreements, patents, trademarks, of other documents relating to the Purchased Assets such as the Purchaser may request for review in advance of the Closing Date

## 7. CONDITIONS OF CLOSING

**7.1 Conditions of Closing in Favour of the Purchaser.** The purchase and sale of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Purchaser, to be performed or fulfilled at or prior to the Closing Time:

- (a) **Representations and Warranties** The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects at the Closing Time with the same force and effect as if such representations and warranties were made at and as of such time;
- (b) **Covenants** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Closing Time shall have been complied with or performed in all material respects;
- (c) **Deliveries** The deliveries of the Vendor under Section 8.4 shall have been completed in accordance with the terms thereof.

**7.2 Non-Performance by the Vendor.** The foregoing conditions are for the exclusive benefit of the Purchaser. If any of the conditions contained in Section 7.1 shall not be performed or fulfilled at or prior to the Outside Date in the opinion of the Purchaser, the Purchaser may, as its sole remedy against the Vendor, by notice to the Vendor, terminate this Agreement and the obligations of the Purchaser to complete the transactions contemplated by this Agreement shall be terminated and the Deposit shall be immediately returned to the Purchaser without deduction. Any such condition may be waived in whole or in part by the Purchaser or the Purchaser may extend the time for fulfillment of such condition.

**7.3 Conditions of Closing in Favour of the Vendor.** The purchase and sale of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be performed or fulfilled at or prior to the Closing Time:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects at the Closing Time with the same force and effect as if such representations and warranties were made at and as of such time;
- (b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Closing Time shall have been complied with or performed in all material respects; and
- (c) **Deliveries** The deliveries of the Purchaser under Section 8.3 shall have been completed in accordance with the terms thereof.

**7.4 Non-Performance by the Purchaser.** The foregoing conditions are for the exclusive benefit of the Vendor. If any of the conditions contained in Section 7.3 shall not be performed or fulfilled at

or prior to the Outside Date to the satisfaction of the Vendor, the Vendor may, without prejudice to its other rights, by notice to the Purchaser, terminate this Agreement and the obligations of the Vendor and the Purchaser under this Agreement, shall be terminated the Deposit shall be kept by the Receiver without deduction. Any such condition may be waived in whole or in part by the Vendor without prejudice to any claims it may have for breach of covenant, representation or warranty.

## **7.5 Condition Precedent**

The obligations of the Vendor and the Purchaser to complete the Transaction are subject to the following conditions precedent being fulfilled or performed at the Time of Closing:

- (a) **Appointment of Receiver over Property.** The Receiver shall have been appointed in respect of all of the Property which comprises the Purchased Assets;
- (b) **Assignment of Lease.** The Landlord shall have consented to the assignment of the Debtor's interest in the Lease, or an Assignment Order in respect of the Lease shall have been obtained; and
- (c) **Approval and Vesting Order.** An appropriate form of Approval and vesting Order shall have been agreed upon as between the Purchaser and the Vendor and the Approval and Vesting Order shall have been issued by the Court and shall not have been stayed, varied, or vacated;

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser. If the conditions set out in this Section 7.5 are not satisfied performed or mutually waived on or before the Outside Date, any Party shall have the option to terminate this Agreement upon written notice to the other Parties and the Deposit shall be immediately returned to the Purchaser without deduction.

## **8. CLOSING DATE AND TRANSFER OF POSSESSION**

- 8.1 Transfer.** Upon the fulfillment of all the conditions set out in Article 7 which have not been waived in writing by the Purchaser or the Vendor, as the case may be, the transfer of possession of the Purchased Assets shall be deemed to take effect as at the Closing Time. The Purchaser acknowledges that the Vendor has no obligation to deliver physical possession of the Purchased Assets to the Purchaser. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied or waived by the Purchaser or Vendor, as applicable, and the Purchaser has satisfied all delivery requirements outlined in Section 8.3. The Purchaser shall promptly notify the Vendor of any Excluded Assets which may come into the possession or control of the Purchaser, whether before or after Closing, and thereupon shall promptly release such Excluded Assets to the Vendor, or to such other Person as the Vendor may direct in writing and, for greater certainty, title shall not be deemed to vest to the Purchaser in respect of any Excluded Assets. The Vendor shall have no obligation to remove any Excluded Equipment from any premises that constitute part of Purchased Assets. All right, title and interest in any such Excluded Equipment which is not sold or removed from such premises after three months following Closing shall vest in the Purchaser unless the Purchaser objects to such title transfer in which case, right, title and interest shall continue to vest in the Vendor but the Purchaser shall be entitled to dispose of such Excluded Equipment at the Purchaser's expense.

**8.2 Manner of Closing.** The closing shall take place at the Closing Time via the electronic exchange of all necessary documents and other deliveries. Any funds payable to the Vendor as part of the closing shall be paid by wire transfer to the Receiver's solicitor. All Closing Documents and closing funds are to be held in escrow until, in each case, the signatories to such documents, or for whose benefits such documents are to be delivered, have agreed that such deliveries are satisfactory (with the exception of those agreements and documents noted as complete), each party to the Closing has agreed that all acts to be completed and all deliveries to be effected at Closing for the benefit of such party have been satisfactorily completed, effected or waived and all parties have agreed to terminate the escrow, or until the parties otherwise agree to release all such deliveries. When the parties agree to terminate the escrow, each of the Closing Documents shall be released from escrow and shall be deemed to have been delivered, and the transactions effected thereby shall be deemed to have occurred, in the order and sequence, and shall be released in the same order and sequence, set forth in this agreement or in a separate closing agenda. The escrow arrangements described herein are designed to facilitate the orderly completion of the transactions contemplated in this agreement and shall not serve to release any party from any obligation thereunder. All Closing Documents to be tabled or delivered and all transactions and acts to be performed at the Closing shall be deemed to take place simultaneously, such that no transaction will be deemed to have been completed and no instrument or document will be deemed to have been delivered or effective until all conditions of the Closing have been fulfilled or waived and all transactions are completed to permit contemporaneous closing and all instruments and documents are delivered, except as agreed between counsel for the each of the parties.

**8.3 Purchaser's Deliveries on Closing.** At or before the Closing Time, the Purchaser shall execute and deliver, or arrange for the delivery, as the case may be, to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) the Cash Portion of the Purchase Price in accordance with Section 3.3(b);
- (b) payment of Transfer Taxes required by Applicable Law to be collected by the Vendor, or alternatively, if applicable, the election(s) referred to in Section 3.5(a)(iii) executed by the Purchaser;
- (c) an executed assignment and assumption agreement evidencing the assumption by the Purchaser of the Assumed Liabilities;
- (d) an executed assignment agreement evidencing the assumption by the Purchaser of all Intellectual Property;
- (e) a certificate 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 respects the covenants to be performed by it prior to the Closing Time; and
- (f) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

**8.4 Vendor's Deliveries on Closing.** At or before the Closing Time, the Vendor shall execute and deliver, or arrange for the delivery, as the case may be, to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing;
- (b) a copy of the Approval and Vesting Order that has been issued;
- (c) an executed assignment and assumption agreement evidencing the assignment by the Vendor of the Assumed Liabilities to the Purchaser;
- (d) an executed assignment agreement evidencing the assignment by the Vendor of all Intellectual Property to the Purchaser;
- (e) a true and complete copy of all Assignment Orders, if any, entered by the Court;
- (f) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Vendor 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 Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Time;
- (g) if applicable, the election(s) referred to in Section 3.5(a)(iii) executed by the Vendor;
- (h) the executed Receiver's Certificate; and
- (i) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

**8.5 Further Assurances.** From time to time subsequent to the Closing Date, each party to this Agreement covenants and agrees that it will at all times after the Closing Date, at the expense of the requesting party, promptly execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

**8.6 Risk of Loss.** From the date hereof up to the Closing Time, the Purchased Assets shall be and remain at the risk of the Vendor. If, prior to the Closing Time, all or any part of the Purchased Assets which are necessary to carry on the Vendor's business as currently conducted are destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by governmental or other lawful authority, unless the Purchaser terminates its obligations under this Agreement as contemplated by Section 7.2, the Purchaser shall complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for expropriation or seizure shall be paid to the Purchaser at the Closing Time and all right and claim

of the Vendor to any such amounts not paid by the Closing Date shall be assigned at the Closing Time to the Purchaser.

**8.7 Consents.** Notwithstanding anything to the contrary herein, if by the Closing Time the consent, approval or waiver to the assignment of any Consent Required Contract has not been obtained, and the assignment of such Contract has not been ordered by the Court, then the Purchaser shall still be required to complete the purchase without reduction of the Purchase Price and:

- (a) the Purchaser may elect, by notice in writing to the Vendor given on or before the Closing Time, in respect of all or any the Contracts in respect of which such consents have not been obtained, to not have such Contracts assigned to the Purchaser at the Closing Time and to not take the benefit thereof, in which case such Contracts shall be deemed to be Excluded Assets for the purposes hereof and any liabilities associated therewith shall be deemed to be Excluded Liabilities; or
- (b) the Purchaser may elect that the Vendor shall continue after the Closing Time, at the sole cost of the Purchaser, to use its best efforts from time to time in order to obtain any such consents and approvals. In such case the Vendor will hold the benefit of any Contract for which such consent or approval has not been obtained in trust for the Purchaser (but only to the extent that holding such benefit in trust without first having obtained the consent or approval of the other contracting party does not constitute a breach of, or result in a default under such Contract) and use its best efforts to continue to perform such Contracts. All benefits derived under any such Contract after the Closing Time shall be for the benefit of the Purchaser, and the Vendor shall take or cause to be taken, at the sole cost of the Purchaser, all action that the Purchaser may reasonably require to provide the Purchaser with the benefit thereof, it being understood that at such time as such consent or approval is obtained, the said Contract shall be automatically assigned to the Purchaser. If such consent or approval is not obtained within 60 days from the Closing Time, or such other period as the Vendor may consent to in writing, the Purchaser shall be deemed to have made an election in accordance with Section 8.7(a) hereof to deem such Contract to be an Excluded Asset.

**9. ASSIGNMENT.**

No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party. Notwithstanding the foregoing, the Purchaser shall have the right, until the issuance of the Approval and Vesting Order, upon written notice to the Vendor, to:

- (a) assign, in whole or part, its rights to acquire the Purchased Assets herein to any company or companies affiliated (as that term is defined in the Ontario Business Corporations Act) with the Purchaser, provided that such assignment shall not release the Purchaser from its obligations under this Agreement; or
- (b) designate a nominee corporation to be the entity into which the Purchased Assets shall vest pursuant to the Approval and Vesting Order.

## **10. MISCELLANEOUS**

**10.1 Receiver's Certificate.** The Parties acknowledge and agree that the Receiver shall be entitled to deliver to the Purchaser, and file with the Court, the executed Receiver'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 Receiver shall have no liability to the Parties in connection therewith. The Parties further acknowledge and agree that (i) upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived (other than the payments contemplated in Section 3.1(b) and the delivery of the executed Receiver's Certificate), the Receiver may deliver the executed Receiver's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Receiver's written confirmation that all such funds have been received, the Receiver's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred

**10.2 Receiver's Capacity.** The Vendor and the Purchaser acknowledge and agree that the Receiver, acting in its capacity as Receiver of the assets, properties and undertakings of the Debtor, will have no liability, in its personal capacity or otherwise, in connection with this Agreement whatsoever as Receiver.

**10.3 Termination by Agreement.** This Agreement shall automatically terminate at any time prior to the Closing Time by mutual written agreement of the Vendor and the Purchaser.

**10.4 Termination in Other Circumstances.** This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:

- (a) a condition precedent has not been satisfied or waived pursuant to and in accordance with Article 7 and a Party entitled to terminate this Agreement as a result thereof has delivered written notice of termination pursuant to Article 7 (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement); or
- (b) Closing shall not have occurred on or prior to the Outside Date and any of the Parties shall have delivered written notice of termination to the other Parties terminating this Agreement as a result thereof (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement).

### **10.5 Effects of Termination and Closing.**

- (a) If this Agreement is terminated pursuant to Sections 10.1 or 10.4, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of this Section 10.5 (Effects of Termination and Closing), each of which will survive termination.
- (b) Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

## 10.6 Notices.

- (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopier or sent by registered mail, charges prepaid, addressed as follows:

if to the Vendor:

Attention: Jeff Keeble  
Telephone: 604-235-4197  
Email Address: Jkeeble@deloitte.ca

with a copy to:

Dentons Canada LLP  
20<sup>th</sup> Floor, 250 Howe Street  
Vancouver, BC V6C 3R8

Attention: Jordan Schultz  
Email: jordan.schultz@dentons.com

if to the Purchaser:

Attention: Lindsay Wilson  
Telephone: 416 318 2599  
Email Address: lindsay@danilee.ca

with a copy to:

Tarkin Manes LLP  
151 Yonge Street, Suite 1500  
Toronto, Ontario M5C 2W7

Attention: Stewart Thom  
Email: sthom@torkinmanes.com

- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a business day, on the next following business day) or, if mailed, on the third business day following the date of mailing; provided, however, that if at the time of mailing or within three business days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by telecopier.
- (c) Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 10.6.

- 10.7 Dispute Resolution.** If any dispute arises with respect to any matter related to the Transaction or the interpretation or enforcement of this Agreement such dispute will be determined by the Court, or by such other Person or in such other manner as the Court may direct or as mutually agreed by the Vendor and the Purchaser.
- 10.8 Commissions, etc..** It is understood and agreed that no broker, agent or other intermediary acted for the Vendor or the Purchaser in connection with the sale or purchase of the Purchased Assets. The Purchaser agrees to indemnify the Vendor and its Representatives against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction; and the Vendor shall indemnify the Purchaser and its Representatives for any third party or agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction.
- 10.9 Consultation.** The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by any applicable law or regulatory requirement, none of them shall issue any such press release or make any such public announcement without the prior written consent of the others, which consent shall not be unreasonably withheld or delayed.
- 10.10 Successors and Assigns.** This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective heirs, legal personal representatives, successors and permitted assigns. Except as provided in Article 10 and this Section 10.10, neither party may assign any of its rights or obligations hereunder without the prior written consent of the other party.
- 10.11 Amendment and Waivers.** No amendment or waiver of any provision of this Agreement shall be binding on either party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.
- 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 facsimile or by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

*[Remainder of Page Left Blank]*

IN WITNESS WHEREOF this Agreement has been executed by the parties.

**PURCHASER:**

**CANADAWIDE SPORTS INC.**

Signed by:

*Lindsay Wilson*

Per: Lindsay Wilson

Title: President

**VENDOR:**

**DELOITTE RESTRUCTURING  
INC., solely in its capacity as Court-  
appointed receiver of the assets,  
property and undertakings of G3  
Genuine Guide Gear Inc., and not in its  
personal or corporate capacity**

DocuSigned by:

*Jed*

Per:

Title: Senior Vice President

**SCHEDULE "A"**  
**PURCHASED ASSETS**

1. All assets, interests and Property of the Debtor that are not Excluded Assets;
2. All Intellectual Property;
3. The Assumed Contracts, being:
  - a. the Lease; and
  - b. such other agreements as may be particularized by the Purchaser in writing in advance of the Closing Date.

**SCHEDULE "B"**  
**EXCLUDED ASSETS**

The Purchased Assets shall not include any of the following property and assets (collectively, the "Excluded Assets"):

- (a) The rights created under this Agreement;
- (b) All Contracts and agreements to which the Vendor or the Debtor is a party other than those Contracts or agreements set out in Schedule "A"
- (c) All of the Vendor's Employee Plans;
- (d) cash and cash equivalents of the Debtor;
- (e) all deposits held by any Person in favour of the Debtor, including but not limited to, deposits held by any landlord of the Debtor, utility providers as well as suppliers of goods and services to the Debtor;
- (f) all Accounts Receivable owed to the Debtor;
- (g) the Excluded Contracts;
- (h) any rights, interests or entitlements of the Debtor to or under any of the Debtor's commercial insurance policies, including but not limited to all insurance claims in respect of any Excluded Assets and Purchased Assets, in the case of the latter relating to the period prior to the Closing Date, and any proceeds therefrom;
- (i) any rights, interests or entitlements of the Debtor to or under any life insurance policies maintained by the Debtor;
- (j) original tax records and the Books and Records pertaining thereto, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of the Debtor that do not relate exclusively or primarily to any of the Purchased Assets;
- (k) the benefit of any refundable Taxes payable or paid by the Debtor in respect of the Purchased Assets and applicable to the period prior to the Closing Date net of any amounts withheld by any taxing authority, and any claim or right of the Debtor to any refund, rebate, or credit (including input tax credits and Scientific Research and Experimental Development credits, rebates or refunds) of Taxes or federal or provincial government grants in respect of the period prior to the Closing Date

**SCHEDULE "C"**  
**PERMITTED ENCUMBRANCES**

None

**SCHEDULE "D"**  
**FORM OF APPROVAL AND VESTING ORDER**

[to be agreed upon between Purchaser and Vendor prior to the Closing Date].

**SCHEDULE "F"**  
**PURCHASE PRICE ALLOCATION**

Allocation of the Purchase Price to

- (a) Intellectual Property: \$250,000;
- (b) All other Purchased Assets: \$975,000.