

**WALTON CAPITAL MANAGEMENT INC.
SALE AND INVESTMENT SOLICITATION PROCESS**

INTRODUCTION

On April 28, 2017, Walton Capital Management Inc. ("**WCMI**"), among others, was granted creditor protection pursuant to an Initial Order granted by Madam Justice K. M. Horner (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**").

Pursuant to the Initial Order, Ernst & Young Inc. ("**EY**") was appointed as Monitor of WCMI (the "**Monitor**").

WCMI intends to, with the assistance of the Monitor, conduct the sale and investment solicitation process ("**WCMI SISP**") described herein with the approval of the Court pursuant to a Court Order dated May 9, 2017 (the "**SISP Order**"). Under the WCMI SISP, all qualified interested parties will be provided with an opportunity to participate in the WCMI SISP. The WCMI SISP is intended to solicit interest in a sale of the assets of WCMI.

This document (the "**WCMI SISP Procedure**") outlines the WCMI SISP, comprised principally of 3 stages: pre-marketing, marketing, and offering and evaluation.

OPPORTUNITY AND WCMI SISP SUMMARY

1. The WCMI SISP is intended to solicit interest in, and opportunities for a sale of all or part of WCMI's assets, which are primarily comprised of its book of business (the "**Opportunity**").
2. In order to maximize the number of participants that may have an interest in the Opportunity, the WCMI SISP will provide for the solicitation of interest for:
 - (a) the sale of assets, principally comprised of WCMI's book of business ("**Property**"). Interested parties may submit proposals to acquire all, substantially all, or a portion of the Property of WCMI (a "**Sale Proposal**"); and
 - (b) the investment in the business operations, as a going concern ("**Business**") of WCMI. Such proposals for the Business may take the form of an investment in or proposal to restructure, reorganize or refinance the Business (an "**Investment Proposal**").
3. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Sale Proposal or any Investment Proposal will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, WCMI or any of their respective affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of WCMI in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to a Court order or orders, except as otherwise provided in such Court order or orders.

4. Solicitation of interest for Sale Proposals and Investment Proposals will be on an unpriced basis whereby no set asking price will be stipulated.
5. As described more fully herein, the major stages in the WCMI SISP Procedure will be comprised of the following:
 - (a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer lists;
 - (b) Marketing: advertising, contacting potential buyers, disseminating marketing material to potential buyers, responding to requests for information, and allowing Qualified Bidders (defined below) to perform due diligence; and
 - (c) Offer Submission and Evaluation: receipt of, evaluation and negotiation of formal binding offers from potential buyers, as described below.

TIMELINE

6. The complete schedule for the WCMI SISP is set out below:

Milestone	Date
Marketing Launch	May 23, 2017
UPDATED Bid Deadline	June 28, 2017
Sale Approval Application	On or before July 28, 2017
Target Closing Date	August 3, 2017

PRE-MARKETING STAGE

7. As soon as reasonably practicable, but in any event by no later than May 21, 2017:
 - (a) WCMI, in consultation with the Monitor, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the WCMI SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the WCMI SISP; (ii) a non-disclosure agreement in form and substance satisfactory to WCMI and the Monitor, and their respective counsel (an "**NDA**"); and (iii) a confidential Information Memorandum ("**CIM**"). The CIM will specifically stipulate that WCMI and the Monitor and their respective advisors make no representation or warranty as to the accuracy or completeness of the information contained in the CIM, the Data Room (as defined below), or otherwise made available pursuant to the WCMI SISP or otherwise, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) ultimately executed and delivered by WCMI;

- (b) WCMI and the Monitor will gather and review all required due diligence material to be provided to interested parties and together with the Monitor shall establish a secure, electronic data room (the "**Data Room**"), which will be maintained and administered by the Monitor during the WCMI SISP;
- (c) WCMI and the Monitor will develop a draft form of a purchase and sale agreement for use during the WCMI SISP (the "**Draft Purchase Agreement**"); and
- (d) WCMI, in consultation with the Monitor, will prepare a list of potential bidders, including: (i) parties that have approached WCMI or the Monitor indicating an interest in the Opportunity; and (ii) local, national and international strategic and financial parties who WCMI and the Monitor believe may be interested in purchasing all or part of the Property pursuant to the WCMI SISP (collectively, "**Known Potential Bidders**").

MARKETING STAGE

Marketing

8. The Monitor will arrange for a notice of the WCMI SISP (and such other relevant information as the Monitor, in consultation with WCMI, considers appropriate) (the "**Notice**") to be published in any newspaper or journals as WCMI and the Monitor consider appropriate, if any.
9. The Monitor will issue a press release with Canada Newswire (the "**Press Release**") setting out the information contained in the Notice and such other relevant information as WCMI and the Monitor consider appropriate designating dissemination in Canada and major financial centers in the United States.
10. WCMI and the Monitor will send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice or press release as soon as reasonably practicable after such request or identification, as applicable.
11. Any party who expresses a wish to participate in the WCMI SISP (a "**Potential Bidder**") must, prior to being given any additional information such as the CIM and access to the Data Room, provide to WCMI and the Monitor:
 - (a) an NDA executed by it, and which shall inure to the benefit of any ultimate Successful Bidder, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder. If a Potential Bidder has previously delivered an NDA and letter of this nature to a Walton CCAA Entity and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter to WCMI or Monitor, unless otherwise requested by WCMI or the Monitor.
12. If it is determined by WCMI and the Monitor in their reasonable business judgment that a Potential Bidder has delivered the documents contemplated in paragraph 11 above then

such Potential Bidder will be deemed to be a "**Qualified Bidder**" provided that no Potential Bidder shall be deemed to be a Qualified Bidder without the approval of the Monitor.

Due Diligence

13. WCMI and the Monitor shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials through the Data Room and information relating to the Property as they deem appropriate. Due diligence access may further include management presentations, on-site inspections, and other matters which a Qualified Bidder may reasonably request and to which WCMI and the Monitor, in their reasonable business judgment, may agree. WCMI and the Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither WCMI nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if WCMI and the Monitor determine such information to represent proprietary or sensitive competitive information.
14. Requests for information and access will be directed to John Plastiras at WCMI or to Neil Narfason of EY or such other EY representatives as designated by the Monitor, at the contact information listed in Schedule "A" hereto. All printed information shall remain the property of WCMI and, if requested by WCMI, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.
15. Qualified Bidders who advise WCMI or the Monitor that they wish to submit an offer will be provided with a copy of the Draft Purchase Agreement.

OFFER SUBMISSION AND EVALUATION STAGE

Submission of Final Bids

16. Qualified Bidders that wish to make a Sale Proposal or Investment Proposal shall submit to the Monitor a sealed, final, binding offer (a "**Final Bid**") that complies with all of the following requirements at the addresses specified in Schedule "A" hereto (including by email or fax transmission), so as to be received by WCMI and the Monitor not later than 5:00 PM (Calgary time) on **June 28, 2017**, or as may be modified by the Monitor or the Court (the "**Bid Deadline**"):
 - (a) it is submitted on or before the Bid Deadline by a Qualified Bidder;
 - (b) it identifies or contains the following:
 - (i) the purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Qualified Bidder;

- (ii) a description of Property that is expected to be subject to the transaction and any of the Property or obligations in relation to the Property expected to be excluded;
 - (iii) a specific indication of the financial capability, together with evidence of such capability, of the Qualified Bidder and the expected structure and financing of the transaction; and
 - (iv) any other terms or conditions of the Sale Proposal or Investment Proposal that the Qualified Bidder believes are material to the transaction;
- (c) cash is the preferred form of consideration, but if the bid utilizes other consideration, a description of the material terms of the consideration shall be provided;
 - (d) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase some or all of the Property on terms and conditions reasonably acceptable to WCMI and the Monitor;
 - (e) unless otherwise agreed, the bid shall take the form of the Draft Purchase Agreement and shall include a letter stating that the bid is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (f) it includes duly authorized and executed transaction agreements as listed in the Draft Purchase Agreement together with all exhibits and schedules thereto, the name or names of the ultimately beneficial owner(s) of the Qualified Bidder including their respective percentage interests;
 - (g) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow WCMI, with the assistance of the Monitor, to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
 - (h) the bid should not be conditioned on the outcome of unperformed due diligence by the Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld from the Qualified Bidder;
 - (i) the bid fully discloses the identity of each entity that will be entering into the transaction, or that is participating or benefiting from such bid;
 - (j) the bid includes a commitment by the Qualified Bidder to provide a refundable deposit in the amount of not less than 10% of the purchase price offered upon the Qualified Bidder being selected as the Successful Bidder, which shall be paid to Ernst & Young Inc. in trust (the "**Deposit**"). One half of the Deposit shall be paid

to Ernst & Young Inc. in trust upon the submission of the Qualified Bidder's bid. The second half of the Deposit shall be submitted upon the Qualified Bidder being selected as the Successful Bidder. The Successful Bidder's Deposit shall be applied as against the Purchase Price and all other Deposits submitted by Qualified Bidders who are not selected as the Successful Bidder shall be returned within one week of obtaining Court Approval for the Successful Bid;

- (k) the bid includes acknowledgments and representations of the Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property and WCMI prior to making its bid (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld from the Qualified Bidder); (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in connection with the WCMI SISF, its bid, and any transaction it enters into with WCMI; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever made by WCMI or by the Monitor, whether express, implied, statutory or otherwise, regarding the Property or WCMI or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by WCMI;
 - (l) all required corporate approvals of the Qualified Bidder will have been obtained prior to the submission of the bid;
 - (m) it contains such other information as may reasonably be requested by the Monitor or by WCMI, in consultation with the Monitor; and
 - (n) the bid contemplates a schedule for closing the transaction set out therein which is on or before the target closing date of August 3, 2017.
17. Following the Bid Deadline, WCMI and the Monitor will assess the Final Bids received. WCMI and the Monitor will designate the most competitive Final Bids that comply with the foregoing requirements to be "**Qualified Bids**". No Final Bids received shall be deemed to be Qualified Bids without the approval of the Monitor. Only Qualified Bidders whose Final Bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
 18. WCMI and the Monitor may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Final Bids to be a Qualified Bid.
 19. The Monitor shall notify each Qualified Bidder in writing as to whether its Final Bid constituted a Qualified Bid within ten (10) business days of the Bid Deadline, or at such later time as WCMI and the Monitor deem appropriate.
 20. WCMI shall have the right to remove any of the Property from the market at their discretion.

21. If WCMI and the Monitor are not satisfied with the number or terms of the Qualified Bids, WCMI and the Monitor may extend the Bid Deadline, or WCMI may seek Court approval of an amendment to the WCMI SISP.
22. WCMI may with the approval of the Monitor, terminate, at any time, further participation in the WCMI SISP by any interested party, or to modify dates or procedures as deemed appropriate or necessary, or to terminate the WCMI SISP.
23. WCMI and the Monitor may aggregate separate bids from unaffiliated Qualified Bidders to create one or more "Qualified Bids".

Evaluation of Competing Qualified Bids

24. A Qualified Bid will be evaluated based upon several factors, including, without limitation, items such as the Purchase Price and the net value and form of consideration to be paid provided by such bid, the identity, circumstances and ability of the Qualified Bidder to successfully complete such transactions, including any conditions attached to the bid and the expected feasibility of such conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, and the ability of the bidder to finance and ultimately consummate the proposed transaction within the timeline established by the Monitor, each as determined by WCMI, with the assistance of the Monitor.

Selection of Successful Bid

25. WCMI and the Monitor: (a) will review and evaluate each Qualified Bid, in consultation with the Monitor, and the applicable Qualified Bidder, and such Qualified Bid may be amended, modified or varied as a result of such negotiations, and (b) identify the highest or otherwise best bid (the "**Successful Bid**"), and the Qualified Bidder making such Successful Bid (the "**Successful Bidder**") for the Property in whole or part. The determination of any Successful Bid by WCMI, with the assistance of the Monitor shall be subject to approval by the Court.
26. WCMI shall have no obligation to enter into a Successful Bid, and they reserve the right, after consultation with the Monitor, to reject any or all Qualified Bids.

Sale Approval Motion Hearing

27. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Application**") WCMI shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by WCMI on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

28. Participants and prospective participants in the WCMI SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Qualified Bidders, Qualified Bids, the details of any Final Bids submitted or the details of any confidential discussions or correspondence between WCMI, the Monitor and such Potential Bidders or Qualified Bidders in connection with the WCMI SISP, WCMI and the Monitor may however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids from Qualified Bidders.

Supervision of the WCMI SISP

29. The Monitor will participate in the WCMI SISP in the manner set out in this WCMI SISP Procedure and the SISP Order and is entitled to receive all information in relation to the WCMI SISP.
30. This WCMI SISP does not, and will not be interpreted to create any contractual or other legal relationship between WCMI or the Monitor and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with WCMI and approved by the Court.
31. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, the Successful Bidder, or any other creditor or other stakeholder of WCMI, for any act or omission related to the process contemplated by this WCMI SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a bid, each Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent such claim is the result from gross negligence or willful misconduct of the Monitor.
32. Participants in the WCMI SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
33. WCMI and the Monitor shall have the right to modify the WCMI SISP and the deadlines set out herein if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the WCMI SISP.

Schedule "A"

Walton Capital Management Inc.
2500, 215-2nd Street, SW
Calgary, Alberta
T2P 1M4

Attention: John Plastiras, Director – JPlastiras@walton.com

Ernst & Young Inc.
2200, 215-2nd Street, SW
Calgary, Alberta
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**Attention: Neil Narfason, Senior Vice President – Neil.Narfason@ca.ey.com
Cassie Riglin, Senior Manager – Cassie.Riglin@ca.ey.com
Alix Paris, Senior Associate - Alixandra.E.Paris@ca.ey.com**