



**CLEARWATER SEAFOODS INCORPORATED  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF**

**to be held on January 7, 2021**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

with respect to a proposed

**PLAN OF ARRANGEMENT**

involving

**CLEARWATER SEAFOODS INCORPORATED and 12385104 CANADA INC. and PREMIUM BRANDS HOLDINGS CORPORATION and FNC HOLDINGS LIMITED PARTNERSHIP**

**December 3, 2020**

**RECOMMENDATION TO SHAREHOLDERS:**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION

These materials are important and require your immediate attention. They require shareholders of Clearwater Seafoods Incorporated to make important decisions. If you require assistance, please contact your financial, legal, tax or other professional advisors.

If you have any questions or require assistance in completing your form of proxy or voting instruction form, please contact the Corporation's transfer agent, Computershare Investor Services Inc., by telephone at 1-866-964-0498 (toll free in North America).

If you have any questions or require assistance in completing your letter of transmittal, please contact the Corporation's depository for the Arrangement, Computershare Trust Company of Canada, by telephone at 1-800-564-6253 (toll free in North America).

## CLEARWATER SEAFOODS INCORPORATED

December 3, 2020

Dear Shareholders:

You are invited to attend the special meeting of holders of common shares (the "**Shareholders**") of Clearwater Seafoods Incorporated (the "**Corporation**") to be held on Thursday, January 7, 2021 at 10:00 a.m. (Atlantic Time) (the "**Meeting**").

Out of an abundance of caution, to proactively deal with the public health impact of the COVID-19 Pandemic, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, we will be holding the Meeting in a virtual-only format, which will be conducted via live audio webcast online at <https://web.lumiagm.com/232522671>. During the audio webcast, Shareholders will be able to hear the Meeting live, and registered Shareholders and duly appointed and registered proxyholders will be able to submit questions and vote while the Meeting is being held. We hope that hosting a virtual meeting helps enable greater participation by our Shareholders by allowing Shareholders that might not otherwise be able to travel to a physical meeting to attend online, while minimizing the health risk that may be associated with large gatherings. The accompanying management information circular (the "**Circular**") provides important and detailed instructions about how to participate at the Meeting.

At the Meeting, Shareholders will be asked to approve an arrangement (the "**Arrangement**") pursuant to the provisions of the *Canada Business Corporations Act* involving the Corporation, 12385104 Canada Inc. (the "**Purchaser**"), Premium Brands Holdings Corporation and FNC Holdings Limited Partnership, pursuant to which: (a) the Purchaser will, among other things, acquire all of the issued common shares (the "**Shares**") of the Corporation, and (b) the units vested and outstanding under the Corporation's various equity-based compensation plans immediately prior to the Effective Time will be settled and the various plans terminated.

Each Share will be acquired and each of the units will be settled, subject to certain conditions, for \$8.25 in cash, subject to adjustment in the manner set out in the Arrangement Agreement (the "**Consideration**"). The Consideration represents, approximately, a 15% premium to the closing price of the Shares on the Toronto Stock Exchange on November 6, 2020, the last trading day prior to the announcement of the Arrangement, and a 60.2% premium to the Corporation's average daily volume-weighted average price of the Shares for the 20 day period preceding the Corporation's announcement initiating a formal review of strategic alternatives on March 5, 2020.

The Arrangement was unanimously recommended to the board of directors of the Corporation (the "**Board**") by a special committee of the Board composed entirely of independent directors (the "**Special Committee**"). The Special Committee is comprised of Brendan Paddick (Chair), Jane Craighead, Vicki McKibbon, Karl Smith and Jim Dickson.

The Board, following receipt of the unanimous recommendation by the Special Committee and a verbal opinion on fairness from Scotia Capital Inc. ("**Scotiabank**"):

- determined that the Arrangement is fair and reasonable to the Shareholders and is in the best interest of the Corporation,
- approved the entry by the Corporation into an agreement with the Purchaser, Premium Brands Holdings Corporation and FNC Holdings Limited Partnership with respect to the Arrangement and the transactions contemplated thereby (the "**Arrangement Agreement**"), and

- resolved to recommend that Shareholders vote **FOR** the Shareholders' resolution to approve the Arrangement.

Scotiabank was retained by the Special Committee as a financial advisor in respect of the Arrangement. Scotiabank provided the Special Committee and the Board with a written opinion to the effect that, as at November 9, 2020, subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders. A copy of the fairness opinion, which should be read carefully and in its entirety, along with other relevant background information related to the involvement of Scotiabank, has been included in this Circular.

Each of the Chief Executive Officer, the Chief Financial Officer and the directors of the Corporation entered into voting support agreements on November 9, 2020 pursuant to which they agreed, subject to the terms thereof, to vote the Shares over which they exercise voting control in favour of the Arrangement. In the aggregate, parties holding or controlling approximately 63.91% of the total number of issued and outstanding Shares, have agreed to vote in favour of the Arrangement.

To be implemented, the Arrangement requires approval of at least two thirds of the votes cast in person or by proxy at the Meeting by the holders of the Shares. The Arrangement is also subject to the approval of the Supreme Court of Nova Scotia and the satisfaction of other customary closing conditions, including receipt of approvals under the *Competition Act* (Canada). The Arrangement is not conditional on the Purchaser obtaining financing.

If the required Shareholder and court approvals are obtained and all other conditions to the Arrangement are satisfied, it is anticipated that the Arrangement will be completed in the first or second quarter of 2021.

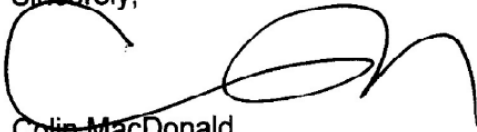
This Circular provides a detailed description of the Arrangement and includes additional information to assist you in considering how to vote at the Meeting. **You are urged to read this information carefully and, if you require assistance, to consult your own financial, legal, tax or other professional advisors.**

**Your vote is important regardless of the number of Shares you own.** If you are unable to attend the Meeting, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy or voting instruction form, as applicable, so that your Shares can be voted at the Meeting in accordance with your instructions. If you are a registered Shareholder, we also encourage you, regardless of how you vote, to complete, sign, date and return the enclosed letter of transmittal, which will help the Corporation to arrange for the prompt payment for your Shares if the Arrangement is completed.

If you have any questions about the information contained in the Circular or require assistance in completing your form of proxy or voting instruction form, please contact the Corporation's transfer agent, Computershare Investor Services Inc., by telephone at 1-866-964-0498 (toll free in North America). If you have any questions about the information contained in the Circular or require assistance in completing your letter of transmittal, please contact the Corporation's depository for the Arrangement, Computershare Trust Company of Canada, by telephone at 1-514-982-7555 or (toll free in North America) at 1-800-564-6253.

On behalf of the Board, we would like to take this opportunity to thank you for the support you have shown as Shareholders of the Corporation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Colin MacDonald', written over the word 'Sincerely,'.

Colin MacDonald  
Chairman of the Board of Directors

**CLEARWATER SEAFOODS INCORPORATED**  
**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders of common shares (the "**Shareholders**") of Clearwater Seafoods Incorporated (the "**Corporation**") will be held as a virtual-only meeting via live audio webcast online using the LUMI meeting platform at <https://web.lumiagm.com/232522671> on Thursday, January 7, 2021 at 10:00 a.m. (Atlantic Time), subject to any adjournment(s) or postponement(s) thereof, for the following purposes:

1. to consider, and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A of the accompanying management information circular (the "**Circular**"), to approve an arrangement (the "**Arrangement**") pursuant to Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving, among others, the Corporation, 12385104 Canada Inc. (the "**Purchaser**"), the Shareholders, the DSU Holders, the DPSU Holders, the PSU Holders and the RSU Holders, whereby, among other things, the Purchaser will acquire all of the common shares of the Corporation ("**Shares**") for cash consideration of \$8.25 per Share (subject to adjustments, if applicable), as further described in the Circular; and
2. to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Circular.

The board of directors of the Corporation has set the close of business on December 3, 2020 as the record date for determining the Shareholders who are entitled to receive notice of, and to vote at, the Meeting. Only persons shown on the register of Shareholders at the close of business on that date, or their proxyholders, will be entitled to attend the Meeting and vote on the Arrangement Resolution.

Out of an abundance of caution, to proactively deal with the public health impact of the COVID-19 Pandemic, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, we will be holding the Meeting in a virtual-only format, which will be conducted via live audio webcast online at <https://web.lumiagm.com/232522671>. During the audio webcast, Shareholders will be able to hear the Meeting live, and registered Shareholders and duly appointed and registered proxyholders will be able to submit questions and vote while the Meeting is being held. We hope that hosting a virtual meeting helps enable greater participation by our Shareholders by allowing Shareholders that might not otherwise be able to travel to a physical meeting to attend online, while minimizing the health risk that may be associated with large gatherings. The accompanying Circular provides important and detailed instructions about how to participate at the virtual Meeting.

Registered Shareholders and duly appointed and registered proxyholders will be able to attend, submit questions and vote at the Meeting virtually at <https://web.lumiagm.com/232522671>, using password "**clearwater2021**" (case sensitive). Beneficial (non-registered) Shareholders who receive this notice of special meeting of Shareholders and related materials through their broker, investment dealer, bank, trust company, custodian, nominee or other intermediary, should carefully follow the instructions of their intermediary to ensure that their Shares are voted at the Meeting in accordance with such Shareholders' instructions and to arrange for their intermediary to complete the necessary transmittal documents to ensure that they receive payment of the Consideration for their Shares if the Arrangement is completed.

Beneficial (non-registered) Shareholders are advised that voting through a proxyholder at the Meeting will include, as a result of the virtual nature of the Meeting, the additional step of registering proxyholders with the Transfer Agent, Computershare Investor Services Inc. (the "**Transfer Agent**"), after submitting their form of proxy or voting instruction form, as applicable. Failure to register the proxyholder with our transfer agent will result in the proxyholder not receiving a "Control Number" to participate in the Meeting and only being able to attend as a guest. Beneficial (non-registered) Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests but will not be able to vote or submit questions at the Meeting. Please refer to the instructions provided in the Circular under the heading "*General Proxy Matters – Appointment of Proxies*".

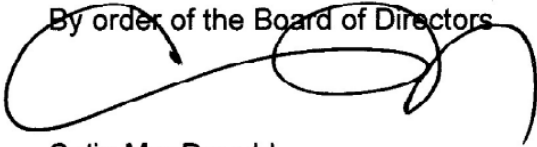
Beneficial (non-registered) Shareholders resident in the United States must obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend and vote at the Meeting. Beneficial (non-registered) Shareholders resident in the United States are advised to carefully follow the instructions from their broker or bank included with the proxy materials and that they may contact their broker or bank to request a legal proxy form. After obtaining and completing the legal proxy, Beneficial (non-registered) Shareholders resident in the United States must then register to attend the Meeting by submitting a copy of their legal proxy to the Transfer Agent no later than 10:00 a.m. (Atlantic Time) on January 5, 2021 or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted), prior to the time any adjourned meeting is reconvened or any postponed meeting is convened. Requests for registration should be directed to: Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 or by email to [USLegalProxy@computershare.com](mailto:USLegalProxy@computershare.com). Please note that the legal proxy must also be registered at [www.computershare.com/Clearwater](http://www.computershare.com/Clearwater). Following the foregoing additional steps, Beneficial (non-registered) Shareholders resident in the United States will be able to attend and vote at the Meeting at <https://web.lumiagm.com/232522671>.

Whether or not they are able to attend the Meeting, Shareholders are urged to vote as soon as possible electronically, by telephone, email, facsimile or in writing, by following the instructions set out on the form of proxy or voting instruction form, as applicable, which accompanies this notice of special meeting of Shareholders. Votes must be received by the Transfer Agent not later than 10:00 a.m. (Atlantic Time) on January 5, 2021, or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted), prior to the time any adjourned meeting is reconvened or any postponed meeting is convened.

Pursuant to the interim order obtained from the Supreme Court of Nova Scotia in respect of the Arrangement (the "**Interim Order**"), registered Shareholders of the Corporation have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Shares in accordance with the provisions of section 190 of the CBCA and the plan of arrangement pertaining to the Arrangement (the "**Plan of Arrangement**"). A registered Shareholder wishing to exercise rights of dissent with respect to the Arrangement must send to the Corporation a written objection to the Arrangement Resolution, which written objection must be received by the Corporation c/o its counsel Stewart McKelvey at 1741 Lower Water Street, Suite 600, Halifax, Nova Scotia B3J 0J2, Attention: Colleen P. Keyes by the Meeting, and must otherwise strictly comply with the dissent procedures set forth in section 190 of the CBCA and described in the Circular. The registered Shareholders' right to dissent is more particularly described in the Circular, and copies of the Plan of Arrangement, the Interim Order and the text of section 190 of the CBCA are set forth in Appendix B, Appendix D and Appendix F, respectively, of the Circular. Anyone who is a beneficial owner of Shares and who wishes to exercise a right of dissent should be aware that only registered Shareholders are entitled to exercise a right of dissent. Accordingly, a beneficial (non-registered) Shareholder who desires to exercise a right of dissent must make arrangements for the Shares beneficially owned by such

holder to be registered in the name of such holder prior to the time the notice of dissent is required to be received by the Corporation or, alternatively, make arrangements for the registered Shareholder of such Shares to exercise the right of dissent on behalf of such Shareholder. A Shareholder wishing to exercise a right of dissent may only exercise such rights with respect to all Shares registered in the name of such Shareholder. It is recommended that you seek independent legal advice if you wish to exercise a right of dissent. **Failure to strictly comply with the requirements set forth in section 190 of the CBCA may result in the loss of any right of dissent.**

By order of the Board of Directors

A handwritten signature in black ink, appearing to be 'Colin MacDonald', written over the text 'By order of the Board of Directors'.

Colin MacDonald  
Chairman of the Board of Directors

# CLEARWATER SEAFOODS INCORPORATED

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## GLOSSARY OF TERMS

In this Circular, the following capitalized words and terms shall have the following meanings:

**"Acquisition Proposal"** means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only the Corporation and/or one or more of its wholly-owned Subsidiaries or the Joint Venture or any of the Investees, any offer, proposal, expression of interest or inquiry (whether written or oral) from any Person or group of Persons other than the Purchaser or one or more of its Affiliates relating to: (a) any direct or indirect sale or disposition (or any lease, long-term supply agreement, license, or other arrangement having the same economic effect as a sale) of assets of the Corporation or any of its Subsidiaries (including any voting or equity securities of any of the Subsidiaries) representing 20% or more of the consolidated assets, or contributing 20% or more of the consolidated revenue or earnings, of the Corporation and its Subsidiaries taken as whole (in each case based on the consolidated financial statements of the Corporation most recently filed on SEDAR prior to such offer, proposal, expression of interest or inquiry), or (b) any direct or indirect acquisition by any Person or group of Persons acting jointly or in concert within the meaning of Securities Laws, of Shares (including securities convertible into or exercisable or exchangeable for Shares) representing, when taken together with the Shares of the Corporation (including securities convertible into or exercisable or exchangeable for Shares) held by any such Person or group of Persons, 20% or more of the Shares (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exercisable or exchangeable for Shares), in either case whether by way of take-over bid, tender offer, exchange offer, treasury issuance, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, share or asset purchase, joint venture, liquidation, dissolution, winding up or other similar transaction involving the Corporation or any of its Subsidiaries, and in either case, whether in a single transaction or a series of related transactions; provided that, in each case, the consolidated assets of the Corporation shall be deemed to include the Corporation's direct or indirect proportionate share of the assets of its Subsidiaries, the Investees and its direct or indirect interests in the Joint Venture.

**"Action"** means any litigation, legal action, lawsuit, claim, audit, arbitration or other proceeding (whether civil, quasi-criminal, criminal, regulatory or administrative) by or before any Regulatory Authority.

**"Affiliate"** means (a) with respect to any Person, any other Person that controls or is controlled by or is under common control with the referent Person, and (b) for purposes of the Arrangement Agreement, PBHC and its Affiliates and FNC and its Affiliates shall be deemed to be Affiliates of the Purchaser.

**"allowable capital loss"** has the meaning set out in "*Certain Canadian Income Tax Considerations – Capital Gains and Capital Losses*".

**"Antarctica"** means Antarctica Advisors LLC, financial advisor to the Corporation.

**"ARC"** has the meaning set out in "*The Arrangement – Certain Legal and Regulatory Matters – Regulatory Approvals – Competition Act Approval*".

**"Arrangement"** means an arrangement under section 192 of the CBCA in accordance with the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement, the Plan of Arrangement or made at the direction of the Court in the

Final Order with the prior written consent of the Purchaser and the Corporation, each acting reasonably.

**"Arrangement Agreement"** means the arrangement agreement dated November 9, 2020, between the Purchaser, PBHC, FNC and the Corporation, including the schedules thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

**"Arrangement Resolution"** means the special resolution of the Shareholders approving the Plan of Arrangement to be considered at the Meeting, substantially in the form set out in Appendix A to this Circular.

**"Articles of Arrangement"** means the articles of arrangement of the Corporation in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order has been granted, giving effect to the Arrangement, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Corporation and the Purchaser, each acting reasonably.

**"associate"** has the meaning specified in the CBCA.

**"Authorization"** means any order, permit, license, quota, allocation, approval, registration, consent, right, waiver or similar authorization of any Regulatory Authority whether by expiry or termination of an applicable waiting period or otherwise, that is binding upon or applicable to a Person or its business, assets or securities, but for greater certainty excludes the Regulatory Approvals.

**"Beneficial Shareholder"** has the meaning set out in *"General Proxy Matters – Voting Instructions – Beneficial Shareholders"*.

**"BMO Financing"** means a committed unmargined revolving credit facility to be provided to the Corporation by the BMO Syndicate concurrent with or following the completion of the Arrangement.

**"BMO Syndicate"** a syndicate of lenders including Bank of Montreal.

**"Board"** means the board of directors of the Corporation, as constituted from time to time.

**"Board Recommendation"** means the Board's determination that (a) the Arrangement (including the Consideration) is fair and reasonable to the Shareholders, (b) it recommends that Shareholders vote in favour of the Arrangement Resolution, and (c) the Arrangement is in the best interest of the Corporation.

**"Business Day"** means a day other than (a) a Saturday, Sunday, or a statutory holiday in Halifax, Nova Scotia or Vancouver, British Columbia or (b) a day on which banking institutions in Halifax, Nova Scotia or Vancouver, British Columbia are permitted or obligated by Law to be closed.

**"CBCA"** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

**"CDS"** means CDS Clearing and Depository Services Inc.

**"Certificate of Arrangement"** means the certificate of arrangement giving effect to the Arrangement to be issued by the Director pursuant to section 192(7) of the CBCA in respect of the Articles of Arrangement.

"**Chair**" has the meaning set out in "*The Arrangement – Background to the Arrangement*".

"**Change in Recommendation**" has the meaning ascribed to it under "*The Arrangement Agreement – Termination of the Arrangement Agreement*".

"**Circular**" means this management information circular and accompanying Notice of Meeting including all schedules, appendices and exhibits hereto, to be sent or otherwise made available to the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement and the Interim Order.

"**COC Benefits**" has the meaning set out in "*The Arrangement – Certain Legal and Regulatory Matters - Securities Laws Matters – Collateral Benefits*".

"**Commissioner**" means the Commissioner of Competition appointed pursuant to section 7(1) of the Competition Act or any Person authorized to perform duties on behalf of the Commissioner.

"**Compensation Plan Benefits**" has the meaning set out in "*The Arrangement – Certain Legal and Regulatory Matters - Securities Laws Matters – Collateral Benefits*".

"**Competition Act**" means the *Competition Act* (Canada), R.S.C. 1985, c. C-34.

"**Competition Act Approval**" means, in respect of the transactions contemplated by the Arrangement Agreement, either (a) the issuance of an ARC pursuant to section 102(1) of the Competition Act, or (b) (i) the expiry, waiver or termination of any applicable waiting period, and any extensions thereof, under section 123(1) or section 123(2) of the Competition Act, and (ii) the Commissioner shall have issued a No Action Letter.

"**Confidentiality Agreements**" means (a) the confidentiality and non-disclosure agreement dated May 22, 2020 between the Corporation, CSLP, by its managing general partner, CS ManPar and PBHC, and (b) the confidentiality and non-disclosure agreement dated June 12, 2020 between the Corporation, CSLP, by its managing general partner, CS ManPar and Membertou Band Council, as such agreements may be amended from time to time in accordance with their terms.

"**Consideration**" means:

- (a) where the Effective Date is on or before January 29, 2021, \$8.25 in cash per Share and \$8.25 in cash per vested and outstanding DPSU, DSU, PSU and RSU then held by the DPSU Holders, DSU Holders, PSU Holders and RSU Holders as contemplated by Section 2.10 of the Arrangement Agreement;
- (b) where the Effective Date is after January 29, 2021 but on or before April 30, 2021, \$8.30 in cash per Share and \$8.30 in cash per vested and outstanding DPSU, DSU, PSU and RSU then held by the DPSU Holders, DSU Holders, PSU Holders and RSU Holders as contemplated by Section 2.10 of the Arrangement Agreement; or
- (c) where the Effective Date is after April 30, 2021 but on or before the Outside Date, \$8.35 in cash per Share and \$8.35 in cash per vested and outstanding DPSU, DSU, PSU and RSU then held by the DPSU Holders, DSU Holders, PSU Holders and RSU Holders as contemplated by Section 2.10 of the Arrangement Agreement.

"**Contract**" means any legally binding agreement, contract, license, lease, arrangement, commitment, obligation or understanding (whether written or oral) to which a Person is a party or by which a Person is bound or affected or to which any of their respective properties or assets is subject, but for greater certainty excludes Authorizations.

"**Control Number**" has the meaning set out in "*General Proxy Matters – Meeting Information – Registered Shareholders*".

"**Corporation**" means Clearwater Seafoods Incorporated, a corporation existing under the federal Laws of Canada.

"**Corporation Disclosure Letter**" means the amended and restated disclosure letter dated the date of the Arrangement Agreement and delivered by the Corporation to the Purchaser contemporaneously with the execution and delivery of the Arrangement Agreement.

"**Corporation Noteholder**" means a holder of Corporation Notes.

"**Corporation Notes**" means the 6.875% USD Senior Notes due 2025 issued pursuant to the Indenture.

"**Corporation Termination Fee**" means an amount equal to \$22,000,000.

"**Corporation Termination Fee Event**" has the meaning set out in "*The Arrangement Agreement – Termination Fees*".

"**Corporation's Public Documents**" means all documents filed under the profile of the Corporation on SEDAR on or after January 1, 2019.

"**Court**" means the Supreme Court of Nova Scotia.

"**COVID-19 Measures**" means any quarantine, "shelter in place", "stay at home", workforce reduction, social distancing, shut down, closure, sequester or any other Law, guidelines or recommendations by any Regulatory Authority in connection with, or in response to, the COVID-19 Pandemic.

"**COVID-19 Pandemic**" means the novel coronavirus disease (COVID-19) pandemic.

"**CRA**" means the Canada Revenue Agency.

"**CS ManPar**" has the meaning set out in "*Information Pertaining to the Corporation – General*".

"**CSLP**" has the meaning set out in "*Information Pertaining to the Corporation – General*".

"**Debt Financing**" means the FNFA Financing and BMO Financing.

"**Demand for Payment**" has the meaning set out in "*Dissent Rights of Shareholders*".

"**Depository**" means Computershare Trust Company of Canada, in its capacity as depository for the Arrangement, or such other Person as the Corporation and the Purchaser agree to engage as depository for the Arrangement.

"**Depository Agreement**" means the agreement to be entered into between the Depository, the Corporation and the Purchaser prior to the Effective Date relating to, among other things, the

deposit of the Shares by the Shareholders, the terms and conditions of which must be satisfactory to the parties, each acting reasonably.

"**DFO**" means all applicable offices of Fisheries and Oceans Canada.

"**DFO Approval**" means the issuance of an approval in principle letter, in customary form, by the DFO with respect to the permanent transfer of the Specified Fishing Licenses by the Corporation and/or its Subsidiaries to the entity identified in the written request to submit received by the Corporation pursuant to and in accordance with Section 4.5(a) of the Arrangement Agreement.

"**DFO Approval Request Date**" has the meaning set out in "*The Arrangement Agreement – Covenants – DFO Approval*".

"**Director**" means the Director appointed pursuant to section 260 of the CBCA.

"**Dissent Notice**" has the meaning set out in "*Dissent Rights of Shareholders*".

"**Dissent Rights**" has the meaning set out in "*Dissent Rights of Shareholders*".

"**Dissenting Holder**" has the meaning set out in "*Dissent Rights of Shareholders*".

"**Dissenting Shares**" has the meaning set out in "*Dissent Rights of Shareholders*".

"**DPSU**" means a performance share unit issued under the DPSU Plan.

"**DPSU Holders**" means the holders of the DPSUs set forth in Schedule C-7(b) of the Corporation Disclosure Letter.

"**DPSU Plan**" means the directors' performance PSU plan of the Corporation effective May 8, 2012, as amended May 12, 2015, and July 2, 2020 and as further amended from time to time in accordance with its terms.

"**DRIP**" means the dividend reinvestment plan of the Corporation dated February 23, 2018, as amended from time to time.

"**DSU**" means a deferred stock unit issued under the DSU Plan.

"**DSU Holders**" means the holders of the DSUs set forth in Schedule C-7(b) of the Corporation Disclosure Letter or additional DSUs issued in accordance with the Arrangement Agreement.

"**DSU Plan**" means the deferred stock unit plan of the Corporation effective as of May 8, 2012, as amended May 12, 2015 and as further amended from time to time.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. (Atlantic Time) on the Effective Date, or such other time as the parties agree to in writing before the Effective Date.

"**Employees**" means the employees, including part time and full time employees of the Corporation or any of its Subsidiaries, as the case may be.

**"Escrow Agent"** means Stewart McKelvey, in its capacity as escrow agent for the Consideration payable in respect of the DPSUs, DSUs, PSUs and RSUs arranged under the Plan of Arrangement, or such other Person as the Corporation and the Purchaser agree to engage as escrow agent for such purposes.

**"Escrow Agreement"** means the agreement to be entered into between the Escrow Agent, the Purchaser and the Corporation not less than ten (10) Business Days prior to the Effective Date on terms and conditions satisfactory to the Purchaser and the Corporation, each acting reasonably.

**"Fairness Opinion"** means the opinion of Scotiabank, addressed to the Board and the Special Committee, dated the date of the Arrangement Agreement to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by the Shareholders is fair, from a financial point of view, to such Shareholders.

**"Fishing Licenses"** means those licenses set out in Section 1.1(yyy) of the Corporation Disclosure Letter.

**"Final Hearing"** has the meaning set out in *"The Arrangement – Certain Legal and Regulatory Matters – Court Approval of the Arrangement – Final Order"*.

**"Final Order"** means the final order of the Court approving the Arrangement under section 192 of the CBCA in a form acceptable to the Corporation and the Purchaser, each acting reasonably, as such order may be amended, supplemented or varied by the Court (with the consent of both the Corporation and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and the Purchaser, each acting reasonably).

**"FNC"** means FNC Holdings Limited Partnership, a limited partnership formed under the Laws of the Province of Nova Scotia.

**"FNFA"** means the First Nations Financing Authority.

**"FNFA Commitment Letter"** means the commitment letter between Membertou First Nation and the additional individual Mi'kmaw First Nations named therein and FNFA dated November 9, 2020, including the summaries of terms attached thereto, as amended, supplemented or replaced in accordance with the terms thereof.

**"FNFA Financing"** means the term loan set forth in the FNFA Commitment Letter.

**"Forward-Looking Statements"** has the meaning set out in *"Forward-Looking Statements"*.

**"Fund"** has the meaning set out in *"Information Pertaining to the Corporation – General"*.

**"Fund Conversion"** has the meaning set out in *"Information Pertaining to the Corporation – General"*.

**"General Partner"** means 3341396 Nova Scotia Limited, a corporation incorporated under the Laws of the Province of Nova Scotia, the general partner of FNC.

"**Guarantee**" has the meaning set out in "*The Arrangement Agreement – Guarantee of Reverse Termination Fee and Other Obligations*".

"**Holder**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations*".

"**IFRS**" means International Financial Reporting Standards.

"**Indemnified Person**" has the meaning set out in "*The Arrangement Agreement – Covenants – Insurance and Indemnification*".

"**Indenture**" means the indenture dated as of April 26, 2017 by and among the Corporation and each of the guarantors party thereto and Wilmington Trust, National Association, as trustee, for the Corporation Notes.

"**Interim Order**" means the interim order of the Court pursuant to section 192(3) of the CBCA in a form acceptable to the Corporation and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court with the prior consent of both the Corporation and the Purchaser, each acting reasonably.

"**Intermediary**" has the meaning set out in "*General Proxy Matters – Voting Instructions – Beneficial Shareholders*".

"**Investment Canada Act**" means the *Investment Canada Act* (Canada), R.S.C. 1985, c. 28 (1st Supp.).

"**Investees**" means, collectively, those Persons set out in Section 1.1(III) of the Corporation Disclosure Letter and "**Investee**" means any of them, as the context requires.

"**Joint Venture**" means that Person set out in Section 1.1(pppp) of the Corporation Disclosure Letter.

"**Law**" means any applicable laws, including federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any applicable grant of approval, permission, authority or license or other similar requirement of any Regulatory Authority.

"**Letter of Transmittal**" means the letter of transmittal to be sent by the Corporation to Registered Shareholders in connection with the Arrangement.

"**Lien**" any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Lock-Up Agreements**" means the voting support agreements dated as of the date of the Arrangement Agreement between the Purchaser and the Locked-up Shareholders pursuant to which the Locked-Up Shareholders have agreed to vote in favour of the Arrangement Resolution all of the Shares held or controlled by them, subject to the terms and conditions of the applicable Lock-Up Agreements.

**"Locked-Up Shareholders"** means each of the directors of the Corporation and the Corporation's Chief Executive Officer and Chief Financial Officer.

**"LTIP"** means the executive long-term incentive plan of the Corporation effective May 8, 2012, as amended May 12, 2015, March 8, 2019 and July 2, 2020 and as further amended from time to time.

**"Matching Period"** has the meaning set out in *"The Arrangement Agreement – Acquisition Proposals – Right to Match"*.

**"Material Adverse Effect"** means, in respect of the Corporation, any fact, event, change, occurrence, development, effect, state of facts or circumstances that, individually or in the aggregate with other facts, events, changes, occurrences, developments, effects, state of facts or circumstances, is, or would reasonably be expected to be, materially adverse to the business, operations, results of operations, capital, property, assets (tangible or intangible), Fishing Licenses (excluding decreases in total allowable catch levels for conservation reasons), liabilities (whether absolute, accrued, conditional or otherwise) or financial condition of the Corporation and its Subsidiaries taken as a whole (which shall include the proportionate impact on the Corporation and its Subsidiaries of any such fact, event, change, occurrence, development, effect, state of facts or circumstances on the Investees and/or the Joint Venture), except any such fact, event, change, occurrence, development, effect, state of facts or circumstances resulting from or arising in connection with or related to:

- (a) any change, effect, event, occurrence, development, state of fact or circumstance affecting the industry in which the Corporation its Subsidiaries, the Investees or the Joint Venture operate or carry on their business;
- (b) any change or development in currency exchange, interest or inflation rates or in general economic, business, political (including the outbreak, escalation or worsening of war, armed hostilities or acts of terrorism), regulatory or market conditions or in national or global financial, credit, commodities, securities or capital markets;
- (c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Regulatory Authority, other than any such adoption, proposal, implementation or change in any way relating to or affecting the Fishing Licenses (excluding decreases in total allowable catch levels for conservation reasons);
- (d) any change in IFRS;
- (e) any natural or man-made disaster or act of God including, epidemics, pandemics and disease outbreaks (including the COVID-19 Pandemic, other health crises or public health events, or otherwise), including the escalation or worsening thereof;
- (f) the execution, performance or announcement of the Arrangement Agreement, the Arrangement or the transactions contemplated by the Arrangement Agreement (including any Pre-Arrangement Reorganization or steps taken by the Corporation or any of its Subsidiaries relating to any Pre-Arrangement Reorganization), including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Corporation or any of its Subsidiaries or the Joint Venture with any of its Investees, Employees or prospective employees, customers, shareholders, distributors, suppliers, counterparties, insurance underwriters or partners;

- (g) any action taken (or omitted to be taken) by the Corporation or any of its Subsidiaries (A) expressly required to be taken (or omitted to be taken) pursuant to the Arrangement Agreement, (B) required by Law, (C) in accordance with good industry practice in response to COVID-19 Measures to safeguard life or property, or (D) that are taken (or omitted to be taken) with the prior consent of the Purchaser;
- (h) any matter which has been publicly disclosed in the Corporation's Public Documents;
- (i) the failure, in and of itself, of the Corporation to meet any analysts' estimates or expectations of the Corporation's revenue, earnings or other financial performance or results of operations for any period, or any failure by the Corporation or any of its Subsidiaries, the Investees or the Joint Venture to meet any internal or publicly disclosed projections, budgets, forecasts or estimates of, or guidance related to, revenues, earnings, or other financial performance or results of operations for any period (provided that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);
- (j) any change in the market price or trading volume of any securities of the Corporation (it being understood that the causes underlying such change may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any securities exchange on which any securities of the Corporation trades (it being understood that the causes underlying such suspension may be taken into account in determining whether a Material Adverse Effect has occurred); and
- (k) any matter set out in Section 1.1(aaaaa) of the Corporation Disclosure Letter;

provided, however, that:

- (l) any such fact, event, change, occurrence, development, effect, state of facts or circumstances referred to in clauses (a) through to and including (d) of this definition does not: (i) primarily relate only to (or have the effect of primarily relating only to) the Corporation, any of its Subsidiaries, an Investee or the Joint Venture, or (ii) materially disproportionately adversely affect the Corporation, any of its Subsidiaries, an Investee or the Joint Venture, relative to other comparable companies in the industries in which the Corporation, any of its Subsidiaries, an Investee or the Joint Venture, as applicable, operates, in which case such effect may be taken into account in determining whether a Material Adverse Effect has occurred; and
- (m) the Parties agree that references in the Arrangement Agreement to dollar amounts are not intended to be, and shall not be, deemed to be illustrative or interpretative for purposes of determining whether a "Material Adverse Effect" has occurred.

**"Meeting"** means the special meeting of the Shareholders to be held in person, virtually or a combination thereof, including any adjournment(s) or postponement(s) of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought fit, approving (a) the Arrangement Resolution, (b) all other matters requiring approval pursuant to the terms and conditions of the Arrangement Agreement or the Interim Order, and (c) any other matter set out

in the Circular and agreed to in writing by the Purchaser in accordance with the Arrangement Agreement.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**No Action Letter**" means written confirmation from the Commissioner that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by the Arrangement Agreement.

"**NOBO**" has the meaning set out in "*General Proxy Matters – Voting Instructions – Beneficial Shareholders*".

"**Notifiable Transaction**" has the meaning set out in "*The Arrangement – Certain Legal and Regulatory Matters – Regulatory Approvals – Competition Act Approval*".

"**OBO**" has the meaning set out in "*General Proxy Matters – Voting Instructions – Beneficial Shareholders*".

"**Offer to Pay**" has the meaning set out in "*Dissent Rights of Shareholders*".

"**Ordinary Course**" means, with respect to an action taken by the Corporation, any of its Subsidiaries or the Joint Venture, that such action is taken in the ordinary course of the normal operations of the Corporation, any of its Subsidiaries or the Joint Venture, as the case may be and as such operations may be varied, in good faith and on a commercially reasonable basis, taking into account any applicable COVID-19 Measures or in response to the actual or reasonably anticipated effect of the COVID-19 Pandemic.

"**Outside Date**" means April 30, 2021, provided that either party may extend such date on no more than two (2) occasions by a period of thirty (30) days per occasion, if:

- (a) any of the conditions set forth in Section 5.1 of the Arrangement Agreement [*Mutual Conditions Precedent*], Section 5.2 of the Arrangement Agreement [*Additional Conditions Precedent to the Obligations of the Purchaser*] or Section 5.3 of the Arrangement Agreement [*Additional Conditions Precedent to the Obligations of the Corporation*] either (i) as a consequence, directly or indirectly, of any COVID-19 Measures, or (ii) as a result of a failure to obtain or a challenge to the granting of any Regulatory Approval in Schedule E, and
- (b) the party seeking to extend the date delivers a notice to the other party by no later than 4:30 p.m. on a date that is five (5) Business Days prior to April 30, 2021 (or the then current Outside Date), provided that, notwithstanding the foregoing, a party shall not be permitted to extend the Outside Date if the failure to satisfy any such condition is primarily the result of the breach by such party of its representations and warranties set forth in the Arrangement Agreement or such party's failure to comply with its covenants therein (unless such breach or failure to comply is the result of any situation or circumstance arising as a result of, or in connection with, the COVID-19 Pandemic).

"**Payroll Service Administrators**" means the third party payroll service administrators engaged by the Corporation to process and administer employee compensation in Canada, the United States, the United Kingdom and Europe.

"**PBHC**" means Premium Brands Holdings Corporation.

"**Person**" includes any individual, general partnership, limited partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Regulatory Authority), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement of the Corporation, substantially in the form set out in Appendix B, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation and the Purchaser, each acting reasonably.

"**Pre-Arrangement Reorganization**" has the meaning set out in "*The Arrangement Agreement – Covenants – Pre-Arrangement Reorganization*".

"**Proposed Offering**" means a public offering, by way of short form prospectus, of securities of PBHC, which is to commence no earlier than concurrent with, or immediately following, the execution of the Arrangement Agreement.

"**PSU**" means a performance share unit issued under the LTIP.

"**PSU Holders**" means the holders of the PSUs set forth in Schedule C-7(b) of the Corporation Disclosure Letter.

"**Purchaser**" means 12385104 Canada Inc., a corporation existing under the federal Laws of Canada.

"**RBC**" means RBC Dominion Securities Inc., financial advisor to the Corporation.

"**Record Date**" means December 3, 2020.

"**Redemption Notice**" has the meaning set out in "*The Arrangement Agreement – Covenants – Redemption of Corporation Notes*".

"**Registered Shareholder**" means a registered holder of Shares as recorded in the securities register of the Corporation.

"**Regulatory Approvals**" means those sanctions, rulings, consents, orders, clearances, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under Law that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objecting being made), waivers, early terminations, authorizations, clearances, or written confirmations of no intention to initiate legal proceedings from Regulatory Authorities, or any registration or filing with any Regulatory Authority, in each case required to consummate the Arrangement or the transactions contemplated by the Arrangement Agreement, but excluding, for greater certainty, the approval of the Arrangement by the Court and DFO Approval.

"**Regulatory Authority**" means any (a) international, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent or authority of any of the foregoing, or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange

(including the TSX), regulatory agency or self-regulatory organization having or purporting to have jurisdiction in the relevant circumstances.

**"Representative"** means, with respect to any Person, any officer, director, employee, representative (including any financial, legal or other advisor) or agent of such Person and, in respect of the Purchaser, PBHC and FNC, includes the persons providing the Debt Financing and their respective Representatives.

**"Required Shareholder Approval"** for the Arrangement Resolution means not less than two thirds of the votes cast on the Arrangement Resolution by Shareholders at the Meeting, each being entitled to one vote per Share, together with any other vote required under the Interim Order.

**"Reverse Termination Fee"** means (a) in the case where the Reverse Termination Fee Event occurs pursuant to Section 7.4(d)(ii) of the Arrangement Agreement [*Reverse Termination Fee Events*], an amount equal to \$11,000,000, and (b) in all other circumstances where the Reverse Termination Fee Event occurs an amount equal to \$26,000,000.

**"Reverse Termination Fee Event"** has the meaning set out in "*The Arrangement Agreement – Termination Fees*".

**"RSU"** means a restricted share unit issued under the LTIP.

**"RSU Holders"** means the holders of the RSUs set forth in Schedule C-7(b) of the Corporation Disclosure Letter.

**"Scotiabank"** means Scotia Capital Inc.

**"Scotiabank Engagement Agreement"** has the meaning set out in "*The Arrangement – Fairness Opinion*".

**"Securities Laws"** means the *Securities Act* (Nova Scotia) and the rules, regulations and published policies thereunder, any other applicable Canadian provincial and territorial securities Laws, and, where applicable, applicable securities Laws and regulations of other jurisdictions.

**"Securityholders"** means, collectively, the Shareholders, the DPSU Holders, the DSU Holders, the PSU Holders and the RSU Holders and, for greater certainty excludes, the Corporation Noteholders.

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval.

**"Shares"** means the common shares in the capital of the Corporation.

**"Shareholders"** means the registered or beneficial holders of the Shares, as the context requires.

**"SIR"** has the meaning set out in "*The Arrangement – Certain Legal and Regulatory Matters – Regulatory Approvals – Competition Act Approval*".

**"Special Committee"** means the committee of the Board, comprised of Brendan Paddick (Chair), Jane Craighead, Vicki McKibbin, Karl Smith and Jim Dickson, which has been established to, among other things, solicit, review and evaluate formal proposals and oversee negotiations respecting any definitive agreements or other documents to be entered into by the Corporation in connection with any potential transaction related to the acquisition of the outstanding securities

of the Corporation or its assets, or any reorganization, amalgamation, arrangement, merger or similar transaction and to oversee the implementation of any such transaction which is in the best interest of the Corporation.

**"Specified Fishing Licenses"** means the Fishing Licenses excluding those Fishing Licenses listed in Section 1.1(wwwww) of the Corporation Disclosure Letter.

**"Strategic Review"** has the meaning set out in *"The Arrangement – Background to the Arrangement"*.

**"Subsidiary"** has the meaning specified in the CBCA and, in the case of the Corporation, is deemed to include those Persons listed in Section 1.1(yyyyyy) of the Corporation Disclosure Letter and deemed to exclude the Investees and the Joint Venture.

**"Superior Proposal"** means any bona fide unsolicited written Acquisition Proposal from a Person or Persons acting jointly or in concert (other than the Purchaser and its Affiliates) made after the date of the Arrangement Agreement (a) to acquire not less than all of the outstanding Shares (other than the Shares beneficially owned by the Person or group of Persons making such Acquisition Proposal) or (b) to acquire all or substantially all of the assets of the Corporation on a consolidated basis, in each case that:

- (i) complies with Law and did not result from or involve a breach of the Arrangement Agreement;
- (ii) is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person or Persons making such proposal;
- (iii) that, in the case of an Acquisition Proposal to acquire outstanding Shares, is made available to all Shareholders on the same terms and conditions;
- (iv) provides for per Share consideration in excess of \$8.25;
- (v) the Board (or any relevant committee thereof) determines in its good faith judgment, after receiving the advice of its outside counsel and financial advisors, that (i) failure to recommend such Acquisition Proposal to the Shareholders would be inconsistent with its fiduciary duties under Law, and (ii) having regard to all terms and conditions, such Acquisition Proposal would, if consummated in accordance with its terms and without assuming away the risk of delay or non-completion, result in a transaction which is more favorable, from a financial point of view, to the Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to the Arrangement Agreement);
- (vi) is not subject to any financing condition or contingency and in respect of which the Board (or any relevant committee thereof) determines, in its good faith judgment, after receiving the advice of its outside counsel and financial advisors, that adequate arrangements have been made to ensure that the required funds will be available to effect payment in full for all of the Shares or all or substantially all of the assets, as the case may be; and
- (vii) is, as at the date the Corporation provides the Superior Proposal Notice to the Purchaser, not subject to any due diligence or access condition.

"**Superior Proposal Notice**" has the meaning set out in "*The Arrangement Agreement – Acquisition Proposals – Right to Match*".

"**taxable capital gain**" has the meaning set out in "*Certain Canadian Income Tax Considerations – Capital Gains and Capital Losses*".

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C., 1985, c.1 (5<sup>th</sup> Supp) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Tax Proposals**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations*".

"**Tax**" or "**Taxes**" means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Regulatory Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including, without limiting the generality of the foregoing, all income taxes (including any tax on or based upon net income, gross income, revenue, income as specially defined, gains, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, gains and capital gains taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, health taxes, employer health taxes, Canada Pension Plan or Québec Pension Plan premiums, excise, severance, social security, workers' compensation, unemployment insurance or compensation, stamp taxes, occupation taxes, premium taxes, real or personal property taxes, land transfer taxes, windfall profits taxes, wealth taxes, alternative or add-on minimum taxes, goods and services or harmonized sales tax, import taxes, withholding taxes, customs duties, (b) any interest, penalties, additions to tax or other additional amounts imposed by any Regulatory Authority (domestic or foreign) on or in respect of amounts of the type described in clause (a) above or this clause (b), (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"**Transfer Agent**" means Computershare Investor Services Inc., in its capacity as the transfer agent and registrar for the Corporation.

"**TSX**" means the Toronto Stock Exchange.

"**Vessel**" has the meaning set out in Section 39(a) of Schedule C [*Vessels*] of the Arrangement Agreement.

"**wilful breach**" means a material breach that is a consequence of an act or a failure to act undertaken by the breaching party with the actual knowledge that such act or failure to act would, or would be reasonably expected to, cause a breach of the Arrangement Agreement.

## **MANAGEMENT INFORMATION CIRCULAR**

This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of the Corporation for use at the Meeting to be held on Thursday, January 7, 2021 at 10:00 a.m. (Atlantic Time), and any adjournment(s) or postponement(s) thereof.

Information contained in this Circular is given as of December 3, 2020, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No Person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Corporation or the Purchaser.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any Person in any jurisdiction in which such solicitation or offer is not authorized or in which the Person making such solicitation or offer is not qualified to do so or to any Person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection therewith. Descriptions in this Circular of the terms of the Arrangement Agreement, the Plan of Arrangement, the Lock-Up Agreements, the Fairness Opinion and the Interim Order are summaries of the terms of those documents. The Arrangement Agreement is available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and copies of the Plan of Arrangement, Fairness Opinion and the Interim Order are attached to this Circular as Appendices B, C, and D, respectively. Shareholders should refer to the full text of each of these documents. You are urged to carefully read the full text of the Plan of Arrangement.

### **INFORMATION ABOUT THE PURCHASER, PBHC AND FNC**

Certain information in this Circular pertaining to the Purchaser, PBHC and FNC has been provided by the Purchaser, PBHC and FNC, respectively, including, but not limited to, information under "*Information Regarding the Purchaser, PBHC and FNC*". Although the Corporation does not have any knowledge that would indicate that such information is untrue or incomplete, neither the Corporation nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for the failure by the Purchaser, PBHC or FNC to disclose events or information that may affect the completeness or accuracy of such information.

### **NOTICE TO SHAREHOLDERS NOT RESIDENT IN CANADA**

The Corporation is a corporation organized under the federal Laws of Canada. The solicitation of proxies involves securities of a Canadian issuer and is being effected in accordance with applicable corporate Laws and Securities Laws in Canada. Shareholders should be aware that the requirements applicable to the Corporation under Canadian Laws may differ from the requirements under corporate Laws and Securities Laws relating to corporations in other jurisdictions.

The enforcement of civil liabilities under the Securities Laws of other jurisdictions outside of Canada may be affected adversely by the fact that the Corporation is organized under the federal Laws of Canada and all of its directors and executive officers, with the exception of Stan Spavold, are residents of Canada. You may not be able to sue the Corporation or its directors or officers in a Canadian court for violations of foreign Securities Laws. It may be difficult to compel the Corporation to subject itself to a judgment of a court outside of Canada.

**THE ARRANGEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY, NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.**

This Circular has been prepared in accordance with the disclosure requirements in effect in Canada.

Shareholders who are foreign taxpayers should be aware that the Arrangement described in this Circular may have tax consequences both in Canada and such foreign jurisdiction. The consequences for such Shareholders are not described in this Circular and such Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the transactions contemplated in this Circular.

### **CURRENCY**

All dollar amounts set forth in this Circular are in Canadian dollars, except where otherwise indicated. In this Circular, references to "\$" are to Canadian dollars.

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Circular may constitute forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Securities Laws, which are based on the opinions, estimates and assumptions of the Corporation's management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements may include views related to the completion of the Arrangement, the anticipated benefits of the Arrangement, the anticipated closing date of the Arrangement, the delisting of the Shares and other expectations of the Corporation and are often, but not always, identified by the use of words such as "aim", "anticipate", "believe", "budget", "continue", "estimate", "expect", "forecast", "foresee", "may", "will", "plan", "outlook", "potential", "project", "predict", "seek", "strive", "targeting", "intend", "would", "could", "might", "should", or the negative of these terms or similar words suggesting future outcomes or statements regarding an outlook.

Such forward-looking statements reflect the Corporation's business judgment based on information currently available to the Corporation at the time they are made and on the Corporation's then-current view of future events and, as such, are subject to certain risks, uncertainties and assumptions, including those discussed below. Many factors could cause the Corporation's performance or achievements to differ materially from any future performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

These risks and uncertainties include, but are not limited to, general global economic, market and business conditions; governmental and regulatory requirements and actions by governmental authorities; relationships with employees, customers, business partners and competitors; actual or threatened epidemics, pandemics, outbreaks, or other public health crises, including the recent COVID-19 Pandemic; and diversion of management time on the Arrangement. There are also risks that are inherent in the nature of the Arrangement, including failure to satisfy the conditions to the completion of the Arrangement, including as a result of a failure to obtain required regulatory, Court, Shareholder and other approvals (or to do so in a timely manner), the absence

of any event, change or other circumstances that could give rise to the termination of the Arrangement Agreement, the delay in or increase in the cost of completing the Arrangement, and the failure to complete the Arrangement for any other reason. The anticipated timeline for completion of the Arrangement may change for a number of reasons, including the inability to secure necessary regulatory, Court, Shareholder or other approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Arrangement. As a result of the foregoing, readers should not place undue reliance on the forward-looking statements contained in this Circular. The Corporation cautions that the foregoing list is not exhaustive of all possible risk factors, as other factors could adversely affect the Arrangement. Additional risks and uncertainties regarding the Corporation are described in the "Risk Factors" section of the Corporation's Annual Information Form dated March 3, 2020, and in the "Risks and Uncertainties" section of the Corporation's Management's Discussion and Analysis for the year ended December 31, 2019 and for the thirteen (13) and thirty-nine (39) weeks ended October 3, 2020 each of which are available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional risks and uncertainties regarding the Arrangement are discussed under the "*Risk Factors*" section of this Circular.

Although the forward-looking statements contained in this Circular are based upon what the Corporation believes are reasonable assumptions, Shareholders are cautioned against placing undue reliance on such statements since actual results may vary materially from the forward-looking statements. The assumptions made in preparing the forward-looking statements may include the assumptions that the conditions to complete the Arrangement will be satisfied, that the Arrangement will be completed within the expected time frame at the expected cost and that the Corporation and the Purchaser will not fail to complete the Arrangement for any other reason, including, but not limited to, the matters discussed under the "*Risk Factors*" section of this Circular.

Forward-looking statements are made as of the date of this Circular, and the Corporation does not intend, and does not assume any obligation, to update or revise such statements, except as may be required under applicable Laws. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

## QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT

The following are selected questions that you, a Shareholder, may have relating to the Meeting and answers to those questions. These questions and answers do not provide all of the information relating to the Meeting or the matters to be considered at the Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Circular, the attached appendices, the form of Letter of Transmittal and the form of proxy, all of which are important and should be reviewed carefully. **You are urged to read this Circular in its entirety before making a decision related to your Shares.** See the Glossary of Terms to this Circular for the meanings assigned to capitalized terms used below and elsewhere in this Circular and not otherwise defined herein.

1. Why did I receive this package of information?

On November 9, 2020, the Corporation entered into the Arrangement Agreement with the Purchaser, PBHC and FNC pursuant to which, among other things (a) the Purchaser has agreed to acquire, all of the issued Shares outstanding as of the Effective Time, and (b) all of the units vested and outstanding under the Corporation's equity-based compensation plans immediately prior to the Effective Time shall be settled and the various plans terminated, pursuant to the Plan of Arrangement. This acquisition is subject to, among other things, obtaining the requisite approval of Shareholders. As a Shareholder as of the close of business on the Record Date, you

are entitled to receive notice of, and to vote at, the Meeting. We are soliciting your proxy, or vote, and providing this Circular in connection with such solicitation.

## **2. What is a plan of arrangement?**

A plan of arrangement is a statutory procedure under Canadian corporate Law that allows corporations to carry out transactions with the approval of the Court. The Plan of Arrangement that you are being asked to consider will provide for, among other things, the acquisition by the Purchaser of all of the issued Shares outstanding immediately prior to the Effective Time.

Pursuant to the Plan of Arrangement, (a) each of the Shares held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality, by or on behalf of the Dissenting Holders, to the Purchaser in consideration for a claim against the Purchaser for the amount determined under Article 3 of the Plan of Arrangement, and (i) such Dissenting Holders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value by the Purchaser for such Shares as set out in Section 3.1 of the Plan of Arrangement; (ii) such Dissenting Holders' names shall be removed as the holders of such Shares from the register of Shares maintained by or on behalf of the Corporation; and (iii) the Purchaser shall be deemed to be the transferee of such Shares (free and clear of all Liens), and shall be entered in the register of Shares maintained by or on behalf of the Corporation; (b) each Share outstanding immediately prior to the Effective Time, other than Shares held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised and Shares held by the Purchaser shall be deemed to have been transferred without any further act or formality, by or on behalf of the Shareholder, to the Purchaser in consideration for the Consideration, and: (i) the holders of such Shares shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid the Consideration by the Purchaser in accordance with the Plan of Arrangement; (ii) such holders' names shall be removed from the register of the Shares maintained by or on behalf of the Corporation; and (iii) the Purchaser shall be deemed to be the transferee of such Shares (free and clear of all Liens), and shall be entered in the register of Shares maintained by or on behalf of the Corporation; (c) the number of DSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DSU, notwithstanding the terms of the DSU Plan, shall, without any further action by or on behalf of a DSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such DSU shall immediately be cancelled and (i) the DSU Holders shall cease to be the holders thereof, and to have any rights as DSU Holders other than the right to receive the consideration to which they are entitled under Section 2.3(c) of the Plan of Arrangement and (ii) such holders' names shall be removed from the register of the DSUs maintained by or on behalf of the Corporation; (d) notwithstanding the terms of the DSU Plan and any agreements relating to the DSUs, the DSU Plan shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DSU Plan or any agreement relating to the DSU Plan, including with respect to DSUs granted under the DSU Plan which did not vest prior to the Effective Time; (e) the number of DPSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DPSU, notwithstanding the terms of the DPSU Plan, shall, without any further action by or on behalf of a DPSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such DPSU shall immediately be cancelled and (i) the DPSU Holders shall cease to be the holders thereof, and to have any rights as DPSU Holders other than the right to receive the consideration to which they are entitled under

Section 2.3(d) of the Plan of Arrangement and (ii) such holders' names shall be removed from the register of the DPSUs maintained by or on behalf of the Corporation; (f) notwithstanding the terms of the DPSU Plan and any agreements relating to the DPSUs, the DPSU Plan shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DPSU Plan or any agreement relating to the DPSU Plan, including with respect to DPSUs granted under the DPSU Plan which did not vest prior to the Effective Time; (h) the number of RSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such RSU, notwithstanding the terms of the LTIP, shall, without any further action by or on behalf of a RSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such RSU shall immediately be cancelled and (i) the RSU Holders shall cease to be the holders thereof, and to have any rights as RSU Holders other than the right to receive the consideration to which they are entitled under Section 2.3(h) of the Plan of Arrangement and (ii) such holders' names shall be removed from the register of the RSUs maintained by or on behalf of the Corporation; (i) notwithstanding the terms of the LTIP and any agreements relating to the PSUs and the RSUs, the LTIP shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the LTIP or any agreement relating to the LTIP, including with respect to PSUs and RSUs granted under the LTIP which did not vest prior to the Effective Time; and (j) notwithstanding the terms of the DRIP and any agreements relating to the DRIP, the DRIP shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DRIP or any agreement relating to the DRIP.

### **3. Are there summaries of the material terms of the Arrangement?**

Yes. This Circular includes a summary of the Arrangement Agreement and the terms of the Plan of Arrangement. For more information, see "*The Arrangement Agreement*" and "*The Arrangement – Description of the Arrangement*".

### **4. When and where is the Meeting?**

The Meeting will be held in a virtual-only format, which will be conducted via live audio webcast at 10:00 a.m. (Atlantic Time) on Thursday, January 7, 2021, unless adjourned or postponed. Shareholders will have an equal opportunity to participate in the Meeting online, regardless of their geographic location. The live audio webcast will be accessible online at <https://web.lumiagm.com/232522671>, password "clearwater2021" (case sensitive).

### **5. What am I being asked to vote on?**

You are being asked to vote on the Arrangement Resolution to approve the Plan of Arrangement, which provides for, among other things, the acquisition by the Purchaser of all of the issued Shares outstanding and the settlement of all of the units vested and outstanding under the Corporation's equity-based compensation plans immediately prior to the Effective Time. Where the Effective Time is: (a) on or before January 29, 2021 Shareholders will receive \$8.25 in cash per Share; (b) after January 29, 2021 but on or before April 30, 2021, Shareholders will receive \$8.30 in cash per Share; and (c) after April 30, 2021 but on or before June 30, 2021, Shareholders will receive \$8.35 in cash per Share.

### **6. Does the Board support the Arrangement?**

Yes. The Board, having undertaken a thorough review of information concerning the Corporation, the Purchaser, PBHC and FNC and the terms of the Arrangement, and after receiving a

unanimous recommendation from the Special Committee and advice of legal counsel, RBC, Antarctica and Scotiabank, including receiving the Fairness Opinion (attached hereto as Appendix C), has determined that the Arrangement is fair and reasonable to Shareholders and is in the best interest of the Corporation. **Accordingly, the Board unanimously recommends that Shareholders vote FOR the Arrangement Resolution.**

**7. Who is entitled to vote on the Arrangement Resolution at the Meeting and how will the votes be counted?**

All Registered Shareholders as of the close of business on the Record Date are entitled to vote on the Arrangement Resolution at the Meeting. Each Share entitles the holder thereof to one vote per Share in respect of the Arrangement Resolution. Votes will be counted by the Transfer Agent.

**8. What if I acquire ownership of Shares after the Record Date?**

Only Shareholders as of the close of business on the Record Date are entitled to receive notice of, attend, be heard and vote at the Meeting.

**9. How can I vote my Shares if I am a Registered Shareholder?**

If you were a Registered Shareholder as of the close of business on the Record Date, you can vote by proxy or you can attend the Meeting online and complete a ballot virtually during the Meeting. Registered Shareholders will receive a "Control Number" from the Transfer Agent for the purposes of logging in to the Meeting.

In order to vote by proxy, complete, sign and date your proxy form, and return it to Computershare Investor Services Inc. using one of the following methods: (1) by touch-tone telephone at 1-866-732-VOTE (8683); (2) by mail to the Corporation c/o Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, using the envelope accompanying your proxy; or (3) online at [www.investorvote.com](http://www.investorvote.com).

If you wish to appoint a person other than the management nominees identified in your proxy form to act as your proxyholder, you must submit your proxy appointing that person as proxyholder **and** register that proxyholder with the Transfer Agent. For more information, see "*General Proxy Matters – Appointment of Proxies*".

**10. How can I vote my Shares if I am a Beneficial Shareholder?**

Most Shareholders are Beneficial Shareholders. You are a Beneficial Shareholder if your Shares are held in the name of an Intermediary or in the name of a clearing agency (such as CDS).

Beneficial Shareholders can either vote by proxy or voting instruction form or appoint themselves as proxyholders and attend (virtually) and vote at the Meeting. For more information, see "*General Proxy Matters – Appointment of Proxies*".

If you are a NOBO, the Corporation has sent the Meeting materials directly to you, and your name and address and information about your holdings of Shares have been obtained in accordance with applicable Securities Laws from the Intermediary holding on your behalf. The voting instruction form that is sent to NOBOs contains an explanation as to how you can exercise the voting rights attached to your Shares, including how to attend (virtually) and vote directly at the Meeting.

If you are an OBO, you received the Meeting materials from your Intermediary or its agent and your Intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Shares. Your Intermediary will generally provide you with a voting instruction form or a proxy form. You should follow the voting instructions provided by your Intermediary.

Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend (virtually) the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote or otherwise participate at the Meeting.

#### **11. How many securities are entitled to be voted?**

As of the Record Date, there were 65,148,148 Shares issued and outstanding. Each Share entitles the holder thereof to one vote per Share in respect of the Arrangement Resolution. Only Shareholders of record as of the Record Date will be entitled to vote at the Meeting.

#### **12. Is there a deadline for my form of proxy to be received?**

Yes. Regardless of the manner in which you choose to vote, your proxy vote must be received by the Transfer Agent by no later than 10:00 a.m. (Atlantic Time) on Tuesday, January 5, 2021, or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted) prior to the time any adjourned meeting is reconvened or any postponed meeting is convened. Note that if you are a Beneficial Shareholder, you must provide your voting instructions to your Intermediary sooner (preferably at least a day prior to the deadline set by your Intermediary) to enable the Intermediary to act upon them prior to the deadline.

#### **13. How will my Shares be voted if I give my proxy?**

Shares represented by properly executed proxies appointing the management nominees of the Corporation as designated in the proxy will be voted for or against the Arrangement Resolution in accordance with the instructions contained in the proxy. If you do not specify on your proxy form how you want a proxyholder appointed by you (other than the management nominees) to vote your Shares, then your proxyholder can vote your Shares as he or she sees fit. **If a proxy appointing management nominees does not contain voting instructions, the Shares represented by such proxies will be voted FOR the Arrangement Resolution.** If any other matters properly come before the Meeting and may properly be considered and acted upon, proxies will be voted by those named in the applicable form of proxy or voting instruction form in their sole discretion, including with respect to any amendments or variations of the Arrangement Resolution.

#### **14. Am I entitled to Dissent Rights?**

Only Registered Shareholders are entitled to dissent. Dissent Rights must be exercised by providing written notice to the Corporation not later than the Meeting in the manner described under the heading "*Dissent Rights of Shareholders*". Failure to properly exercise Dissent Rights may result in the loss or unavailability of the right to dissent. If a Registered Shareholder properly exercises the Dissent Rights, and the Arrangement is completed, the Dissenting Holder will be entitled to be paid the fair value of its Shares, as applicable, as of the close of business on the day before the Arrangement Resolution is adopted. This amount may be the same as, more than or less than the Consideration.

Beneficial Shareholders desiring to exercise Dissent Rights must make arrangements for the Shares beneficially owned by such Shareholder to be registered in the Shareholder's name in

order to exercise Dissent Rights or, alternatively, make arrangements for the registered holder of such Shares to dissent on the Shareholder's behalf.

**15. I own Shares. What will I receive if the Arrangement is completed?**

Pursuant to the Arrangement, the Purchaser will acquire all of the issued Shares, outstanding immediately prior to the Effective Time, in consideration of which Shareholders (other than Dissenting Holders) will be entitled to receive \$8.25 in cash per Share subject, to adjustments as noted in item 5 above.

**16. What premium does the Consideration offered for the Shares represent?**

The transaction price of \$8.25 per Share, subject to adjustment in the manner set out in the Arrangement Agreement, represents, approximately, a 15% premium to the closing price of the Shares on the TSX on November 6, 2020, the last trading day prior to the announcement of the Arrangement, and a 60.2% premium to the Corporation's average daily volume-weighted average price of the Shares for the 20 day period preceding the strategic review announcement on March 5, 2020.

**17. What approvals are required for the Arrangement to become effective?**

Completion of the Arrangement is subject to the conditions precedent contained in the Arrangement Agreement having been satisfied, including receipt of, among other things: (a) the approval of the Court; (b) the approval of at least two-thirds of the votes cast by holders of Shares, who vote in respect of the Arrangement Resolution virtually or by proxy at the Meeting; and (c) certain Regulatory Approvals.

**18. How will I know when all required approvals have been received?**

The Corporation plans to issue a press release once all the required approvals have been received and conditions to implementing the Arrangement have been satisfied or waived.

**19. When will I receive the Consideration for my Shares?**

You will receive the Consideration for your Shares as soon as practicable after the Arrangement is completed, provided you have sent all of the necessary documentation to the Depositary, including in the case of Registered Shareholders a duly completed and signed Letter of Transmittal. If the Shareholders approve the Arrangement, it is anticipated that the Arrangement will be completed on or about the eleventh (11<sup>th</sup>) Business Day after the satisfaction of or, where not prohibited, the waiver by the applicable party in whose favour the condition is, and subject to applicable Law, the specified conditions in the Arrangement Agreement. The Corporation anticipates that receipt of the Regulatory Approval set forth in Schedule E of the Arrangement Agreement will be obtained in or about the first half of 2021 and the Effective Date will be on the eleventh (11<sup>th</sup>) Business Day thereafter.

**20. What will I have to do as a Shareholder to receive the Consideration for my Shares?**

If you are a Registered Shareholder, you will receive a Letter of Transmittal that you must complete, sign and send with the certificate(s) (if applicable) representing your Shares to the Depositary. The Depositary will mail you a cheque by first-class mail as soon as practicable after the Effective Date or upon receipt of your completed Letter of Transmittal and the certificate(s) representing your Shares or hold such cheque for you to pick up in accordance with the instructions provided in the completed Letter of Transmittal.

If you are a Beneficial Shareholder, you will receive your payment through your account with your Intermediary that holds Shares on your behalf. You should contact your Intermediary if you have questions about this process.

**21. What happens if Shareholders do not approve the Arrangement?**

If the Corporation does not receive the required vote by Shareholders in favour of the Arrangement Resolution, the Arrangement will not become effective. Additionally, the Purchaser is not required to complete the Arrangement in certain circumstances, including if Shareholders have exercised Dissent Rights in connection with the Arrangement with respect to more than 5% of the outstanding Shares. Failure to complete the Arrangement is likely to have a material negative effect on the market price of the Shares. Further, depending on the circumstances in which termination of the Arrangement Agreement occurs, the Corporation may have to pay a termination fee to the Purchaser. For more information, see "*Risk Factors*" and "*The Arrangement Agreement – Termination Fees*".

**22. Will the Shares continue to be listed on the TSX after the Arrangement?**

The Shares are expected to be delisted from the TSX shortly after the completion of the Arrangement.

**23. Who can I contact if I have questions?**

If you have any questions about submitting your Shares to the Arrangement, including with respect to the completion and delivery of your proxy and/or the applicable Letter of Transmittal, please contact Computershare Trust Company of Canada

Telephone: 1-514-982-7555 or 1-800-564-6253 (toll-free in North America)

Email: [corporateactions@computershare.com](mailto:corporateactions@computershare.com)

## SUMMARY OF CIRCULAR

This summary should be read together with and is qualified in its entirety by the more detailed information contained elsewhere in this Circular, including the Appendices hereto. Capitalized terms in this summary have the meanings set out in the Glossary of Terms. Shareholders are urged to read this Circular, including the Appendices hereto, carefully and in its entirety.

### Meeting and Record Date

The Meeting is scheduled to be held at 10:00 a.m. (Atlantic Time) on Thursday, January 7, 2021 in a virtual-only format, which will be conducted via live audio webcast. The live audio webcast will be accessible online at <https://web.lumiagm.com/232522671> password "clearwater2021" (case sensitive). The Board has fixed the Record Date for determining Shareholders who are entitled to receive notice of and vote at the Meeting as December 3, 2020.

### The Arrangement Resolution

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Arrangement Resolution, a copy of which is attached as Appendix A to this Circular. See "*The Arrangement – Certain Legal and Regulatory Matters – Shareholder Approval*" for a discussion of the shareholder approval requirements to effect the Arrangement.

### Voting at the Meeting

This Circular is being sent to all Shareholders as of the close of business on the Record Date. Only Registered Shareholders or the Persons they appoint as their proxyholders are permitted to vote at the Meeting. Beneficial Shareholders should follow the voting instructions provided by their Intermediaries so the Beneficial Shareholders can direct the voting of the Shares which they beneficially own. See "*General Proxy Matters – Voting Instructions*" for more information on how to vote at the Meeting.

### Effect of the Arrangement

If the Arrangement is completed, Shares will be purchased for cash consideration of \$8.25 per Share where the Effective Time is on or before January 29, 2021. Where the Effective Time is after January 29, 2021 but on or before April 30, 2021, Shareholders will receive \$8.30 in cash per Share and where the Effective Time is after April 30, 2021 but on or before June 30, 2021, Shareholders will receive \$8.35 in cash per Share. DPSUs, DSUs, PSUs and RSUs outstanding under the Corporation's equity-based compensation plans immediately prior to the Effective Time will be settled and the various plans terminated in accordance with the terms of the Arrangement. See "*The Arrangement – Treatment of DPSUs, DSUs, PSUs and RSUs*".

### The Parties

The Corporation is a corporation existing under the CBCA involved in the harvesting, processing, distribution and marketing of seafood. Its registered and principal office is located at 757 Bedford Highway, Bedford, Nova Scotia, B4A 3Z7. The Shares are posted and listed for trading on the TSX under the symbol "CLR". For more information regarding the Corporation, see "*Information Pertaining to the Corporation*".

The Purchaser is corporation formed under the federal Laws of Canada. The Purchaser was formed for the purpose of consummating the transactions contemplated by the Arrangement Agreement and is, directly or indirectly, wholly-owned by PBHC and FNC.

PBHC is a corporation existing under the CBCA, with its head and principal offices located at 100 - 10991 Shellbridge Way, Richmond, B.C. V6X 3C6. The registered office of PBHC is located at

2900 Manulife Place, 10180 101st Street, Edmonton, AB T5J 3V5. PBHC's common shares trade on the TSX under the trading symbol "PBH".

FNC is a limited partnership formed under the Laws of the Province of Nova Scotia. The General Partner is a corporation incorporated under the Laws of the Province of Nova Scotia. The registered office of FNC is located at 111 Membertou St., Membertou, NS B1S 2M9. FNC was formed in connection with the Arrangement and is wholly-owned by First Nation Fisheries Interest Group, a registered Nova Scotia partnership.

For more information regarding the Purchaser, PBHC and FNC, See "*Information Regarding the Purchaser, PBHC and FNC*".

### **Background to the Arrangement**

See "*The Arrangement – Background to the Arrangement*" for a summary of the main events that led to the execution of the Arrangement Agreement including certain meetings, negotiations, discussions and actions of the parties that preceded the execution of the Arrangement Agreement and the public announcement of the Arrangement.

### **Recommendations of the Special Committee and the Board**

The Special Committee, upon careful consideration of, among other things, the Fairness Opinion (see "*The Arrangement – Fairness Opinion*") and advice of its legal counsel, RBC and Antarctica, unanimously recommended to the Board that it determine the Arrangement is fair and reasonable to the Shareholders and is in the best interest of the Corporation and that the Board recommend that Shareholders vote FOR the Arrangement Resolution.

The Board, after receiving the unanimous recommendation of the Special Committee and, upon careful consideration of, among other things, the Fairness Opinion and advice of its legal counsel, RBC and Antarctica, determined that the Arrangement is fair and reasonable to the Shareholders and is in the best interest of the Corporation. Accordingly, the Board unanimously recommends that Shareholders vote **FOR** the Arrangement Resolution.

### **Reasons for the Recommendations**

In determining that the Arrangement is fair to Shareholders and in the best interest of the Corporation, and in making their respective recommendations, the Special Committee and the Board considered and relied upon a number of factors, including:

- (a) the transaction price of \$8.25 per Share represents, approximately, a 15% premium to the closing price of the Shares on the TSX on November 6, 2020, the last trading day prior to the announcement of the Arrangement, and a 60.2% premium to the Corporation's average daily volume-weighted average price of the Shares for the 20 day period preceding the Corporation's strategic review announcement on March 5, 2020;
- (b) the transaction is the culmination of a comprehensive strategic review process which was publicly announced on March 5, 2020, and through which approximately 70 potential parties were contacted and a significant number of non-disclosure and standstill agreements were entered into between the Corporation and potential parties;
- (c) the transaction represents the highest offer received in connection with a comprehensive strategic review process which was conducted under the

supervision of the Special Committee, with the assistance of legal counsel and financial advisors, as well as the assistance of the Corporation's management team;

- (d) the certainty of value and immediate liquidity offered by the Arrangement;
- (e) the Special Committee's review of strategic alternatives;
- (f) the Arrangement and the Arrangement Agreement being the result of comprehensive arm's length negotiations;
- (g) the Lock-Up Agreements representing approximately 63.91% of the Shares, to be voted in favour of the approval of the Arrangement Resolution;
- (h) the Arrangement having a reasonable likelihood of completion;
- (i) the Fairness Opinion concluding that, subject to the assumptions, qualifications and limitations set out therein, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders;
- (j) the ability of the Board to respond to unsolicited Acquisition Proposals that constitute, or could reasonably be expected to constitute or lead to, a Superior Proposal;
- (k) a Corporation Termination Fee that would not preclude a third party from potentially making a Superior Proposal;
- (l) the Reverse Termination Fee payable to the Corporation;
- (m) the requirement that the Arrangement receive approval from Shareholders and from the Court;
- (n) the terms of the Arrangement treating stakeholders equitably and fairly and being expected to benefit the Corporation and stakeholders;
- (o) the reasonableness of interim period restrictions on the Corporation's business until the Arrangement is completed or the Arrangement Agreement is terminated in accordance with its terms, and the expectation that they will not impair the Corporation's business during such period; and
- (p) the right of Shareholders opposing the Arrangement to exercise Dissent Rights and, if ultimately successful, receive fair value for their Shares.

The Special Committee and the Board did not attempt to assign relative weights to the various factors and individual members of the Special Committee and the Board may have given different weights to different factors. The discussion of the information and factors considered and evaluated by the Special Committee and the Board is not intended to be exhaustive of all factors considered and evaluated by the Special Committee and the Board. The conclusions and recommendations of the Special Committee and the Board were made in light of the totality of the information and factors considered.

In the course of its deliberations, the Board also identified and considered a variety of risks (as described in greater detail under "*Risk Factors*") and potentially negative factors relating to the Arrangement described under "*The Arrangement – Considerations of the Special Committee and the Board in Making Recommendations – Potential Issues Relating to the Arrangement*".

### **Fairness Opinion**

In connection with the evaluation of the Arrangement, the Special Committee and the Board received and considered the oral opinion of Scotiabank (subsequently confirmed in writing).

Scotiabank was of the opinion that, as of November 9, 2020, subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, the consideration of \$8.25 in cash, subject to adjustment in the manner set out in the Arrangement Agreement, per Share to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders. A summary of the Fairness Opinion is included in this Circular, and the full text of the Fairness Opinion, which sets forth among other things, the assumptions made, procedure followed, information reviewed, matters considered, and limitations on the scope of review undertaken by Scotiabank in connection with the Fairness Opinion, is attached as Appendix C to this Circular.

The summaries of the Fairness Opinion set out above and in "*The Arrangement – Fairness Opinion*" are qualified in their entirety by the full text of the Fairness Opinion set out in Appendix C. Shareholders are urged to read the Fairness Opinion in its entirety.

### **Arrangement Mechanics**

If the Arrangement is approved at the Meeting and the other conditions set out in the Arrangement Agreement are satisfied or otherwise waived at or before the Effective Time, then upon consummation of the Plan of Arrangement each of the events set out in Section 2.3 of the Plan of Arrangement, attached as Appendix B to this Circular, will be deemed to occur in the order specified therein. See "*The Arrangement – Description of the Arrangement – Arrangement Mechanics*".

### **The Arrangement Agreement**

On November 9, 2020, the Corporation, the Purchaser, PBHC and FNC entered into the Arrangement Agreement, under which the parties agreed, subject to certain terms and conditions, to implement the Arrangement on the terms and conditions set out in the Plan of Arrangement. Under the Arrangement Agreement, the Corporation has agreed to, among other things, call the Meeting to seek approval of the Arrangement Resolution by Shareholders and, if approved, apply to the Court for the Final Order. For a summary of certain provisions of the Arrangement Agreement, see "*The Arrangement Agreement*".

### **Lock-Up Agreements**

The Purchaser has entered into Lock-Up Agreements with each of the directors of the Corporation and the Corporation's Chief Executive Officer and Chief Financial Officer. An aggregate of 41,634,542 Shares are subject to such Lock-Up Agreements with the Purchaser, representing a total of approximately 63.91% of the issued and outstanding Shares. The Lock-Up Agreements can be terminated by mutual consent between the parties thereto, or upon notice by the Shareholder if the Arrangement Agreement is amended to change the form or decrease the amount of consideration payable for Shares, DSUs, DPSUs, RSUs or PSUs. The Lock-Up Agreements will automatically terminate upon the earlier of the Effective Date and the termination of the Arrangement Agreement in accordance with its terms. See "*The Arrangement – Lock-Up Agreements*" for more information on the terms of the Lock-Up Agreements.

## **Non-Solicitation and Right to Match**

The Arrangement Agreement contains customary non-solicitation provisions with respect to the Corporation and each of its Subsidiaries, along with a right of the Board to respond to an unsolicited Acquisition Proposal that constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal at any time prior to obtaining the approval by Shareholders of the Arrangement Resolution. Prior to entering into a Superior Proposal, the Corporation must first provide the Purchaser with the opportunity to match any such Superior Proposal for a period of ten (10) Business Days. See "*The Arrangement Agreement – Acquisition Proposals*" for more information on the non-solicitation and right to match provisions.

## **Termination Fees**

If a Corporation Termination Fee Event occurs, the Corporation will be required to pay to the Purchaser the Corporation Termination Fee. The Corporation Termination Fee is payable in a number of circumstances, including termination of the Arrangement Agreement on the basis of a Change in Recommendation, or if the Corporation is in material breach of its non-solicitation obligations under the Arrangement Agreement.

The Arrangement Agreement also provides for the Reverse Termination Fee, payable by the Purchaser to the Corporation if (a) the Purchaser fails to comply with its obligations to provide the Depositary with sufficient funds to satisfy the aggregate Consideration, (b) the Regulatory Approvals have not been obtained by the Outside Date and all conditions precedent to the closing of the Arrangement have been satisfied or waived other than the condition that no law prevent the transaction (in respect of Regulatory Approvals) and those conditions that by their terms are to be satisfied at the Effective Time and that are capable of being satisfied, or (c) the Purchaser willfully breaches the Arrangement Agreement.

See "*The Arrangement Agreement – Termination Fees*" for more information on the Corporation Termination Fee and the Reverse Termination Fee.

## **Shareholder Approval of the Arrangement**

To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two thirds of votes cast at the Meeting virtually or by proxy by the holders of the Shares.

The Arrangement Resolution must be passed in order for the Corporation to seek the Final Order and implement the Arrangement on the Effective Date. See "*The Arrangement – Certain Legal and Regulatory Matters – Shareholder Approval*".

## **Court Approval of the Arrangement**

The Arrangement requires approval by the Court under section 192 of the CBCA. A copy of the Notice of Application applying for the Final Order approving the Arrangement is attached hereto as Appendix E. Subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, the hearing in respect of the Final Order is expected to take place on Friday, January 8, 2021, at 9:30 a.m. (Atlantic Time) or as soon after that time as the motion can be heard. At the hearing, the Court will consider, among other things, the fairness and reasonableness of the terms and conditions of the Arrangement to the Shareholders. The Court may approve the Arrangement in any manner the Court may direct and determine appropriate with the consent of the Corporation and the Purchaser, each acting reasonably. See "*The Arrangement – Certain Legal and Regulatory Matters – Court Approval of the Arrangement*".

### **Securities Laws Matters**

The Corporation considered the requirements of MI 61-101 and concluded that, the Arrangement, as it relates to the Corporation, is not a "business combination" or a "related party transaction" under MI 61-101 and that, accordingly, a formal valuation is not required and the minority approval requirements do not apply to the Arrangement Resolution. For further details on the analysis relating to MI 61-101 on the Arrangement, see "*The Arrangement – Certain Legal and Regulatory Matters – Securities Law Matters*".

### **Stock Exchange De-Listing and Reporting Issuer Status**

The Shares are currently listed on the TSX and trade under the stock symbol "CLR". It is expected that shortly following the Effective Date, the Shares will be de-listed from the TSX. Following the Effective Date, the Corporation will also seek to be deemed to have ceased to be a reporting issuer under the Securities Laws of each of the provinces and territories of Canada under which it is currently a reporting issuer.

### **Dissent Rights**

Registered Shareholders as of the Record Date have been provided with the right to dissent in respect of the Arrangement Resolution in the manner provided in section 190 of the CBCA. Registered Shareholders considering exercising Dissent Rights should seek the advice of their own legal counsel and tax and investment advisors and should carefully review the description of such rights set forth in this Circular, including timing deadlines, and comply with the provisions of section 190 of the CBCA, the full text of which is set out in Appendix F to this Circular. See "*Dissent Rights of Shareholders*" for further details.

### **Risk Factors**

The Arrangement may not be completed. If the Arrangement is not completed, the Corporation will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Additionally, failure to complete the Arrangement could materially and negatively impact the trading price of the Shares. These and other risk factors described under "*Risk Factors*" should be carefully considered by Shareholders.

### **Income Tax Considerations**

Shareholders should carefully read the information under "*Certain Canadian Federal Income Tax Considerations*" in this Circular, which sets out a general summary of certain tax considerations that may be applicable to Shareholders. Such disclosure is not intended to be legal or tax advice to any particular Shareholder. Shareholders should consult their own tax advisors with respect to their particular circumstances.

## GENERAL PROXY MATTERS

This Circular is furnished in connection with the solicitation by and on behalf of the management of the Corporation of proxies to be used at the Meeting to be held at 10:00 a.m. (Atlantic Time) on Thursday, January 7, 2021, or any adjournment(s) or postponement(s) thereof, to consider the matters set out in the Notice of Meeting accompanying this Circular.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by telephone, facsimile transmission, other electronic means or personal contact by the directors, officers or employees of the Corporation without special compensation. The Corporation may also retain a proxy solicitation agent. The cost of solicitation, including of any proxy solicitation agent retained by it, will be borne by the Corporation.

The Corporation will pay for Intermediaries to forward this Circular, the proxy form or a voting instruction form to OBOs under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

### Meeting Information

The Meeting is scheduled to be held at 10:00 a.m. (Atlantic Time) on Thursday, January 7, 2021. Out of an abundance of caution, to proactively deal with the public health impact of the COVID-19 Pandemic, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, we will be holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate at the Meeting online, regardless of their geographic location. The live audio webcast will be accessible online at <https://web.lumiagm.com/232522671>, password "clearwater2021" (case sensitive).

### Attending the Meeting

**The Meeting will be held in a virtual-only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person.**

Registered Shareholders and duly appointed and registered proxyholders can access the Meeting by going to <https://web.lumiagm.com/232522671>, clicking "I have a login", entering a Control Number or Username and Password "clearwater2021" (case specific), and accepting the terms and conditions before the start of the Meeting. The website will open 15 minutes prior to Thursday, January 7, 2021 at 10:00 a.m. (Atlantic Time). Registered Shareholders and duly appointed and registered proxyholders who participate in the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided they are connected to the Internet and comply with all of the requirements set out below under "*General Proxy Matters – Voting Instructions – Registered Shareholders*".

The Transfer Agent will provide duly appointed proxyholders of Registered Shareholders with a Username after the proxy submission deadline has passed. Beneficial Shareholders who appoint themselves or a third party as proxy will receive a Username from the Transfer Agent if the Beneficial Shareholder has properly completed the proxy or voting instruction form and registered the appointee's details at <http://www.computershare.com/Clearwater>. This will allow for the appointee to participate in the Meeting. Beneficial Shareholders who have not appointed themselves may attend the Meeting by clicking "I am a guest" and completing the online form.

Beneficial Shareholders resident in the United States must obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend and vote at the Meeting.

Beneficial Shareholders resident in the United States are advised to carefully follow the instructions from their broker or bank included with the proxy materials. After obtaining and completing the legal proxy, Beneficial Shareholders resident in the United States must also register to attend the Meeting by submitting a copy of their legal proxy to the Transfer Agent in addition to registering themselves at [www.computershare.com/Clearwater](http://www.computershare.com/Clearwater).

Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders.

Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to listen to and observe the Meeting but will not be able to vote or otherwise participate at the Meeting. See "*General Proxy Matters – Voting Instructions – Beneficial Shareholders*" below.

Registered Shareholders, duly appointed and registered proxyholders and guests, including Beneficial Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote.

- Log in online at <https://web.lumiagm.com/232522671>. We recommend that you log in at least one hour before the Meeting starts.

- Click "Login" and then enter your Control Number (see below) and password "**clearwater2021**" (case sensitive).

OR

Click "Guest" and then complete the online form.

### ***Registered Shareholders***

The control number located on the form of proxy or in the email notification you received is your "**Control Number**" for the purposes of logging in to the Meeting.

### ***Duly Appointed Proxyholders***

The Transfer Agent will provide proxyholders with a Control Number by email after the proxyholder has been duly appointed and registered in accordance with the instructions provided in the form of proxy.

If you attend the Meeting, it is important that you are connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures.

### **Voting Instructions**

You can vote your Shares by proxy or at the Meeting. Please follow the instructions below based on whether you are a Registered Shareholder or a Beneficial Shareholder.

### ***Beneficial Shareholders***

You are a beneficial (non-registered) Shareholder (a "**Beneficial Shareholder**") if your Shares are held in the name of an intermediary ("**Intermediary**") (such as a bank, trust company or

securities broker) or in the name of a clearing agency (such as CDS). Under Securities Laws, a Beneficial Shareholder is a "non-objecting beneficial owner" ("**NOBO**") if such Beneficial Shareholder has or is deemed to have provided instructions to the Intermediary holding the Shares on such Beneficial Shareholder's behalf not objecting to the Intermediary disclosing ownership information about the Beneficial Shareholder in accordance with such Securities Laws, and a Beneficial Shareholder is an "objecting beneficial owner" ("**OBO**") if such Beneficial Shareholder has or is deemed to have provided instructions objecting to same.

Applicable regulatory policy in Canada requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting.

If you are a NOBO, the Corporation has sent these materials directly to you, and your name and address and information about your holdings of Shares have been obtained in accordance with Securities Laws from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (a) delivering these materials to you, and (b) executing your proper voting instructions. The voting instruction form that is sent to NOBOs contains an explanation as to how you can exercise the voting rights attached to your Shares, including how to attend and vote directly at the Meeting. Please return your voting instructions as specified in the enclosed voting instruction form.

If you are an OBO, you received these materials from your Intermediary or its agent (such as Broadridge Financial Solutions Inc.), and your Intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Shares. Your Intermediary will generally provide you with a voting instruction form or a proxy form. You should follow the voting instructions provided by your Intermediary. The Corporation has agreed to pay for Intermediaries to deliver to OBOs the proxy-related materials and the relevant voting instruction form. The voting instruction form that is sent to an OBO by the Intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your Shares, including how to attend online and vote directly at the Meeting. Please provide your voting instructions to your Intermediary as specified in the enclosed voting instruction form.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. Broadridge typically mails a voting instruction form to Beneficial Shareholders in lieu of a proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be Shareholder), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote your Shares directly at the Meeting – the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Shares voted. Without specific instructions, Intermediaries are prohibited from voting shares for the Intermediary's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

### *Voting at the Meeting*

In the alternative, if you wish to vote at the Meeting, Beneficial Shareholders should enter their own names in the blank space on the form of proxy or voting instruction form provided to them and return the same to their Intermediary in accordance with the instructions provided by Intermediary well in advance of the Meeting. Additionally, Beneficial Shareholders are required to register such named proxyholders with the Transfer Agent prior to 10:00 a.m. (Atlantic Time) on Tuesday, January 5, 2021 or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted), prior to the time any adjourned meeting is reconvened or any postponed meeting is convened at <http://www.computershare.com/Clearwater>. The Transfer Agent will provide a Beneficial Shareholder or the appointed proxyholder, as applicable, with a Username if they have validly appointed themselves or a third party, as applicable, by proxy or voting instruction form and registered the appointee's details at <http://www.computershare.com/Clearwater>. Beneficial Shareholders who appoint themselves or a third party will receive a Username from the Transfer Agent to participate in the Meeting. Beneficial Shareholders who have not appointed themselves may attend the Meeting by clicking "**I am a guest**" and completing the online form.

Please note that Beneficial Shareholders resident in the United States must send their completed legal proxy form to the Transfer Agent prior to 10:00 a.m. (Atlantic Time) on Tuesday, January 5, 2021 or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted), prior to the time any adjourned meeting is reconvened or any postponed meeting is convened in addition to the steps above.

Beneficial Shareholders who have questions or concerns regarding any of these procedures may also contact their Intermediary. It is recommended that inquiries of this kind be made well in advance of the Meeting.

### *Changing your Vote*

If you have already sent your completed voting instruction form to your Intermediary and you change your mind about your voting instructions, or want to vote at the Meeting, contact your Intermediary to find out whether this is possible and what procedure to follow.

### **Registered Shareholders**

You are a Registered Shareholder if you have a share certificate for Shares and they are registered in your name or if you hold Shares through direct registration. You will find a form of proxy enclosed.

As a Registered Shareholder, you can vote your Shares in the following ways:

<b>At the Meeting</b>	If you are a Registered Shareholder you can attend the Meeting virtually. Do not fill out and return your form of proxy if you intend to vote virtually at the Meeting. Go to <a href="http://www.computershare.com/Clearwater">http://www.computershare.com/Clearwater</a> prior to the start of the Meeting to login. Click on " <b>I have a login</b> " and enter your 15-digit Control Number or Username along with the password " <b>clearwater2021</b> " (case specific).
<b>Phone</b>	For Registered Shareholders in Canada or the United States, call 1-866-732-8683 (toll-free in North America) and follow the instructions.

	You will need to enter your Control Number. Follow the interactive voice recording instructions to submit your vote.
<b>Internet</b>	Go to <a href="http://www.investorvote.com">www.investorvote.com</a> . When instructed to enter your 15-digit Control Number, refer to your voting instruction form or your form of proxy. Votes conveyed by the Internet must be received no later than the cut-off time given on the voting instruction form or the form of proxy. To appoint a third party to attend and vote at the Meeting on your behalf, visit <a href="http://www.computershare.com/Clearwater">http://www.computershare.com/Clearwater</a> to register your appointee prior to 10:00 a.m. (Atlantic Time) on Tuesday, January 5, 2021 after your proxy is submitted.
<b>Mail</b>	Enter voting instructions, sign the form of proxy and send your completed form of proxy to: Computershare Investor Services Inc. Attention: Proxy Department 100 University Avenue, 8th Floor Toronto, Ontario M5J 2Y1 To appoint a third party to attend and vote at the Meeting on your behalf, visit <a href="http://www.computershare.com/Clearwater">http://www.computershare.com/Clearwater</a> to register your appointee prior to 10:00 a.m. (Atlantic Time) on Tuesday, January 5, 2021 after your proxy is submitted. <b>DO NOT MAIL BACK YOUR PROXY IF YOU VOTED BY PHONE OR INTERNET</b>

*Voting by Proxy*

Voting by proxy means you are giving the person or persons named in your form of proxy the authority to attend the Meeting, or any adjournment(s) or postponement(s) thereof, and vote your Shares for you. Please mark your vote, sign, date and follow the return instructions provided in the enclosed form of proxy. By doing this, you are giving the directors or officers of the Corporation who are named in the form of proxy the authority to vote your Shares at the Meeting, or any adjournment or postponement thereof.

You can choose another person or company to be your proxyholder, including someone who is not a Shareholder. You can do so by following the instructions set out below under "*Appointment of Proxies*".

*Voting at the Meeting*

You do not need to complete or return your form of proxy if you plan to vote at the Meeting.

Simply follow the instructions set out under "*Meeting Information – Attending the Meeting*" above, to attend the Meeting online and complete a ballot virtually during the Meeting.

*Changing your Vote*

A Registered Shareholder who has submitted a proxy may revoke the proxy by delivering a signed instrument in writing, including another proxy bearing a later date, executed by the Registered Shareholder or his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized, to the Transfer Agent before the

deadline for filing proxies, or in any other manner permitted by Law. The revocation of a proxy does not, however, affect any matter on which a vote has been taken prior to the revocation.

If you have followed the process for attending and voting at the Meeting virtually, voting at the Meeting virtually will revoke your previous proxy.

### **Appointment of Proxies**

The form of proxy accompanying this Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting or any postponement(s) or adjournment(s) thereof. As at the date of this Circular, the Corporation's management is not aware of any such amendments or variations, or of other matters to be presented for action at the Meeting. However, if any amendments to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any postponement(s) or adjournment(s) thereof, Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

If the instructions in a proxy given to the Corporation's management are specified, the Shares represented by such proxy will be voted FOR or AGAINST in accordance with your instructions on any poll that may be called for. If a choice is not specified, the Shares represented by a proxy given to the Corporation's management will be voted FOR the approval of the Arrangement Resolution as described in this Circular. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for him, her or it and on his, her or its behalf at the Meeting other than the persons designated in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy and striking out the names now designated.** Additionally, Shareholders are required to register such named proxyholders with the Transfer Agent at <http://www.computershare.com/Clearwater>, prior to 10:00 a.m. (Atlantic Time) on Tuesday, January 5, 2021 or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted), prior to the time any adjourned meeting is reconvened or any postponed meeting is convened.

Shareholders are invited to virtually attend the Meeting. Registered Shareholders who are unable to virtually attend the Meeting or any postponement(s) or adjournment(s) thereof in person are requested to complete, date, sign and return the enclosed form of proxy or, alternatively, to vote by telephone, or over the internet, in each case in accordance with the enclosed instructions.

To vote by telephone, Registered Shareholders in Canada or the United States should call the Transfer Agent at 1-866-732-8683. Registered Shareholders will need to enter the control number provided on the form of proxy to identify themselves as shareholders on the telephone voting system.

Shareholders may convey their voting instructions through the Internet. The full website address is provided on the voting instruction form and form of proxy. Follow the instructions provided on the website to cast your vote. When instructed to enter your Web Voting ID Number, Control Number, Holder Account Number or Proxy Access Number, refer to your voting instruction form or your form of proxy. Votes conveyed by the Internet must be received no later than the cut-off time given on the voting instruction form or the form of proxy.

To be used at the Meeting, the completed proxy form must be deposited at the office of Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor,

Toronto, Ontario, M5J 2Y1 by mail or the proxy vote must be otherwise registered in accordance with the instructions thereon.

Beneficial Shareholders who receive these materials through their Intermediary should complete and send the form of proxy or voting instruction form in accordance with the instructions provided by their Intermediary. To be effective, a proxy must be received by the Transfer Agent not later than 10:00 a.m. (Atlantic Time) on January 5, 2021, or not less than 48 hours (Saturdays, Sundays and statutory holidays excepted), prior to the time any adjourned meeting is reconvened or any postponed meeting is convened.

### **Revocability of Proxies**

In addition to revocation in any other manner permitted by Law, a Registered Shareholder executing the enclosed form of proxy has the power to revoke it by depositing an instrument in writing executed by such Registered Shareholder or his or her legal representative authorized in writing or, where such Registered Shareholder is a corporation, by the corporation or a representative of the corporation. To be valid, an instrument of revocation must be deposited either to the registered office of the Corporation at 757 Bedford Highway, Bedford NS B4A 3Z7 or Computershare Investor Services Inc., Proxy Department, at 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1 at any time up to and including the last Business Day preceding the day of the Meeting, or in the case of any postponement or adjournment of the Meeting, the last Business Day preceding the day of the postponed or adjourned Meeting, or delivered to the Chair of the Meeting on the day fixed for the Meeting, and prior to the start of the Meeting or any postponement or adjournment thereof. A Registered Shareholder may also revoke a proxy in any other manner permitted by Law. Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures.

## **THE ARRANGEMENT**

### **Background to the Arrangement**

The Arrangement Agreement is the result of arm's length negotiations among representatives of the Corporation and each of the Purchaser, PBHC and FNC and their respective financial and legal advisors. The following is a summary of the material events leading up to receipt of the offer from the Purchaser, and various meetings, discussions and actions which took place between the parties which preceded the execution of the Arrangement Agreement and the public announcement of the Arrangement.

As part of its ongoing evaluation of developments of the Corporation, the Board has at various times periodically discussed the Corporation's strategic planning process and the strategic options available to the Corporation, including, without limitation, mergers, acquisitions, joint ventures, strategic alliances and organic growth, with the goal of pursuing the best interests of the Corporation and enhancing Shareholder value.

In light of having received several expressions of interests, in mid-February 2020, the Board determined it was in the best interests of the Corporation and its stakeholders to initiate a formal strategic review process to identify and evaluate a broad range of potential strategic alternatives available to it with a view to continuing to enhance shareholder value and be in the best interests of the Corporation (the "**Strategic Review**").

In conjunction with the Strategic Review, a special committee of independent directors was formed in early February, 2020. The Special Committee was mandated to solicit, consider and

evaluate various strategic alternatives available to the Corporation. Brendan Paddick, Jane Craighead, Vicki McKibbin, Karl Smith and Jim Dickson were appointed as members of the Special Committee.

The Special Committee met on February 7, 2020 and appointed Brendan Paddick (the "**Chair**") chair of the Special Committee and subsequently confirmed Stewart McKelvey as legal advisor to the Special Committee. The Special Committee discussed the need to retain financial advisors in connection with the Strategic Review and the process to be employed to engage such financial advisors.

At the February 27, 2020 meeting of the Special Committee, the Chair indicated that he had received a number of calls and emails from third parties reaching out to him in his role of Chair of the Special Committee with inquiries and overtures as to interest in a possible transaction with the Corporation. The Special Committee was presented with an unsolicited proposal from an arm's length third party. The Chair informed the Special Committee that in each case he informed the third party that the Special Committee would be in touch in due course to discuss the Strategic Review. The Chair then informed the Special Committee that a request letter had been prepared to be sent to possible financial advisors requesting financial advisory services. Following review of the proposals received, the Special Committee formalized arrangements with RBC to engage RBC as financial advisor to the Special Committee.

On March 5, 2020, the Corporation publicly announced the initiation of the Strategic Review.

On March 5, 2020, the Special Committee met with RBC. The Special Committee directed RBC to engage with the Corporation's controlling shareholders and to discuss their expectations in the process. RBC informed the Special Committee that it had received preliminary calls from parties interested in a possible transaction with the Corporation. The Chair informed RBC that the Special Committee was going to retain Antarctica to act as co-financial advisor to the Special Committee, as the Special Committee believed Antarctica would be an asset in canvassing a broad range of potential purchasers.

On April 3, 2020 the Special Committee and RBC reviewed a list of in-bound expressions of interest.

The Special Committee met again on April 7, 2020 and discussed timing expectations for executing a potential transaction. The general consensus among members of the Special Committee was that the Strategic Review should continue notwithstanding current market conditions and the current challenges caused by COVID-19 Pandemic. The Special Committee also undertook a discussion of its fiduciary duties and the Special Committee's roles and responsibilities in the Strategic Review, including its confidentiality and disclosure obligations.

On May 4, 2020, the Special Committee met with RBC to review a list of potential buyers, each buyer being evaluated based on, amongst other factors: (a) the financial capability of the buyer to complete a transaction, (b) whether the buyer is Canadian or whether it would need to partner with a Canadian entity given the restrictions on the Corporation's licenses, (c) whether the potential buyer has expressed interest in the Corporation to date, and (d) alignment of such buyer's current business with the Corporation's operations. RBC informed the Special Committee that, despite the COVID-19 Pandemic, potential buyers continued to express interest in a possible transaction with the Corporation. It was agreed that the Special Committee recommend to the Board that RBC be authorized and directed (working with the Corporation's co-advisor, Antarctica) to launch a broad-based approach to canvassing potential buyers. Following this Special Committee meeting, the Board granted permission to RBC and Antarctica to begin contacting, on a strictly confidential basis, the potential buyers on the list presented to the Special Committee.

Commencing on May 19, 2020, RBC and Antarctica contacted more than 70 potential buyers and the Corporation negotiated and entered into a significant number of confidentiality and standstill agreements with interested third parties. Interested third parties that entered into a confidentiality and standstill agreement with the Corporation were provided a confidential information memorandum.

On May 28, 2020, the Special Committee met with RBC to review the level of interest to date.

On June 18, 2020, the Special Committee met and received an update from RBC on the status of outreach to potential buyers. RBC and the Special Committee discussed due diligence challenges faced by potential buyers in light of the COVID-19 Pandemic.

On July 3, 2020, a meeting of the Special Committee was called to review the non-binding indications of interest received to date. The Special Committee, with the support of RBC, diligently evaluated each non-binding proposal, with a focus on identifying how to best enhance shareholder value and be in the best interests of the Corporation. Various factors of the proposals were discussed, including, but not limited to, the degree of engagement by the potential buyer, partnering issues, and possible funding concerns, if any. After discussion and consideration of the various proposals received, the Special Committee authorized RBC to thank certain potential buyers for their interest but inform those parties that they would not be invited to continue in the process.

Throughout the month of July 2020, the Corporation held virtual meetings with management and potential buyers, who had been invited to stay on in the process, and their representatives. On July 21, 2020, these parties and their representatives were provided access to a virtual data room established by the Corporation.

On July 24, 2020, the Special Committee met to receive an update from RBC on the process to date. At that meeting, it was discussed that despite the restrictions created by the COVID-19 Pandemic, formal process letters in respect of the second phase of the process would be issued to potential parties.

In late July 2020, formal process letters in respect of the second phase of the process were sent to potential parties by RBC. The letters requested that prospective purchasers provide binding offers by no later than September 10, 2020.

On August 20, 2020, the Special Committee met with RBC to review, among other things, the status of the potential buyers' due diligence efforts. RBC provided its assessment of the relative status of each of the potential buyers' efforts and highlighted the number of outstanding due diligence questions remaining to be addressed. Following a review of various factors, the Special Committee accepted RBC's recommendation that the deadline for binding proposals be extended from September 10, 2020 to September 22, 2020.

On September 23, 2020, the Special Committee met with RBC to discuss the binding proposals received by September 22, 2020. RBC provided the Special Committee with, among other things, a summary of the key terms and implied metrics of the proposals that had been received.

The Special Committee determined that a meeting of the Board should be called for September 24, 2020 to discuss the bids received and the recommendation of the Special Committee.

The Special Committee met with the Board on September 25, 2020, at which time it was determined that discussions should be pursued with PBHC and FNC.

At the September 26, 2020 meeting of the Special Committee, RBC summarized discussions and the developments which had occurred following the meeting of the Board on September 25, 2020. RBC advised the Special Committee that as per the Special Committee's instruction it reached out to PBHC and these discussions culminated in PBHC confirming that PBHC and FNC would be prepared to offer \$8.25 per Share and shorten its due diligence timeline.

Following discussion of the risks and various options, the Special Committee recommended to the Board that the Board enter into an exclusivity arrangement for 30 days with PBHC and FNC provided certain risks and conditions of the transaction were removed. It was agreed that PBHC and FNC should use the 30-day exclusivity period to complete open diligence items.

An exclusivity agreement was entered into between the Corporation, PBHC and FNC on September 26, 2020.

The Special Committee met again on October 10, 2020 to consider various matters that arose during the exclusivity period and further resolved to engage Scotiabank to provide a fairness opinion in respect to the Arrangement and the consideration to be received by the Shareholders.

At the October 22, 2020 meeting of the Special Committee, the Special Committee considered a request from PBHC and FNC seeking a two-week extension of the exclusivity period. The Special Committee discussed the available options, along with the possible timing implications of an extension. The Special Committee instructed the Chair to reach out to PBHC and FNC to discuss the situation and their position as to options to resolve the open business issues.

The Special Committee met again on October 26, 2020 to receive an update on the recent extensive negotiations where the parties had worked through, and resolved, a number of the open business issues. The material terms and conditions of the agreement to extend the exclusivity period was also discussed.

At the October 27, 2020 meeting of the Special Committee, the Special Committee considered the good faith negotiations of the parties and approved an amendment to the exclusivity agreement to extend the exclusivity period to November 9, 2020.

During the afternoon of November 9, 2020, the Special Committee met to consider the Arrangement. Stewart McKelvey provided legal advice regarding the terms of the settled form of Arrangement Agreement, Corporation Disclosure Letter, the Guarantee and the Lock-Up Agreements and related matters. Scotiabank delivered to the Special Committee its oral fairness opinion, which was subsequently confirmed by delivery of the Fairness Opinion, respectively, to the effect that, as of November 9, 2020 and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders. After consideration and discussion of the advice and opinions provided to the Special Committee, the Special Committee unanimously determined and recommended, based on the factors set forth below under "*Considerations of the Special Committee and the Board in Making Recommendations – Reasons for the Recommendations*", that: (a) the Arrangement Agreement, Corporation Disclosure Letter and Guarantee be presented to the Board for review and approval, and (b) the Board recommend that Shareholders vote in favour of the Arrangement Resolution.

The Board met on November 9, 2020 following the Special Committee meeting. After receipt of the aforementioned recommendation of the Special Committee, the Board resolved, based on the factors set forth below under "*Considerations of the Special Committee and the Board in Making Recommendations – Reasons for the Recommendations*": (a) that the Arrangement is in the best

interest of the Corporation and its Shareholders; and (b) to recommend that Shareholders vote in favour of the Arrangement Resolution.

In late afternoon on November 9, 2020, the Arrangement Agreement, the Corporation Disclosure Letter and the Guarantee were executed and delivered by the Corporation, the Purchaser, PBHC and FNC and the Corporation issued a news release announcing the entering into of the Arrangement Agreement.

## **Considerations of the Special Committee and the Board in Making Recommendations**

### ***Reasons for the Recommendations***

In determining that the Arrangement is fair and reasonable to the Shareholders and in the best interest of the Corporation, and in making their respective recommendations, the Special Committee and the Board considered and relied upon a number of factors, including, among others, those listed below. The Special Committee and the Board did not attempt to assign relative weights to the various factors and individual members of the Special Committee and the Board may have given different weights to different factors. The following discussion of the information and factors considered and evaluated by the Special Committee and the Board is not intended to be exhaustive of all factors considered and evaluated by the Special Committee and the Board. The conclusions and recommendations of the Special Committee and the Board were made in light of the totality of the information and factors considered.

The following includes forward-looking statements and the reasons and potential issues are subject to various risks and assumptions. See "*Forward-Looking Statements*" and "*Risk Factors*".

- *Significant Premium to Market Values.* The transaction price of \$8.25 per Share represents, approximately, a 15% premium to the closing price of the Shares on the TSX on November 6, 2020, the last trading day prior to the announcement of the Arrangement, and a 60.2% premium to the Corporation's average daily volume-weighted average price of the Shares for the 20 day period preceding the strategic review announcement on March 5, 2020.
- *Certainty of Value and Immediate Liquidity.* The Consideration to be received by Shareholders is payable entirely in cash and provides Shareholders with certainty of value and immediate liquidity and removes the uncertainties to Shareholders associated with the potential future performance of the Corporation.
- *Review of Strategic Alternatives.* The Arrangement is the culmination of a comprehensive strategic review process which was publicly announced on March 5, 2020. With the assistance of RBC and Antarctica, approximately 70 potential parties were contacted and a significant number of non-disclosure and standstill agreements were entered into between the Corporation and potential parties. The strategic review process was conducted under the supervision of the Special Committee, with the assistance of legal and financial advisors. In conducting the strategic review process, the Special Committee and Board assessed the business, operations, assets, financial condition, operating results and future prospects of the Corporation and the relative benefits and risks of various alternatives reasonably available to the Corporation, including the continued execution of the Corporation's existing strategic plan. The Arrangement represents the highest offer received in connection with the Strategic Review, and the Arrangement represents the best current prospect for maximizing Shareholder value.

- *Arm's Length Negotiations.* The Arrangement and the Arrangement Agreement are the result of a comprehensive negotiation process that was undertaken at arm's length with the oversight and participation of the Special Committee and the Board and the participation of legal counsel and RBC, which resulted in an agreement with terms and conditions that are reasonable in the judgment of the Special Committee and the Board.
- *Lock-Up Agreements.* The Locked-Up Shareholders have entered into the Lock-Up Agreements with the Purchaser in respect of 41,634,542 Shares and approximately 63.91% of the total number of issued and outstanding Shares. Such Shareholders have agreed, among other things, to vote in favour of the approval of the Arrangement Resolution. The Lock-Up Agreements can be terminated by mutual consent between the parties thereto, or upon notice by the Locked-Up Shareholder if the Arrangement Agreement is amended to change the form or decrease the amount of consideration payable for Shares, DPSUs, DSUs, PSUs or RSUs under the Arrangement. The Lock-Up Agreements will automatically terminate upon the earlier of the Effective Date and the termination of the Arrangement Agreement in accordance with its terms.
- *Reasonable Likelihood of Completion.* The Arrangement is not subject to a financing condition and is otherwise subject to a limited number of conditions. Further, no material regulatory issues are expected to arise in connection with the Arrangement so as to prevent or delay the consummation of the Arrangement.
- *Fairness Opinion.* Scotiabank provided an opinion to the Special Committee and the Board to the effect that, based upon and subject to the assumptions, qualifications and limitations set out in the Fairness Opinion, as of November 9, 2020, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders. See "*The Arrangement – Fairness Opinion*".
- *Ability to Respond to Superior Proposals.* The terms and conditions of the Arrangement Agreement do not prevent a third party from making an unsolicited Acquisition Proposal. Subject to compliance with the terms of the Arrangement Agreement, the Board is not precluded from considering and responding to an unsolicited Acquisition Proposal that constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal at any time prior to obtaining the approval by Shareholders of the Arrangement Resolution. In the event that a Superior Proposal is made in accordance with the Arrangement Agreement and not matched by the Purchaser, the Arrangement Agreement may be terminated by the Corporation subject to the payment by the Corporation to the Purchaser of the Corporation Termination Fee (as described below), and the Corporation may enter into a definitive agreement with respect to such Superior Proposal. In the event the Arrangement Agreement is terminated in accordance with its terms, obligations under the Lock-Up Agreements automatically terminate.
- *Corporation Termination Fee.* The Corporation Termination Fee is payable by the Corporation to the Purchaser if the Arrangement is not completed under certain circumstances. The Corporation Termination Fee is appropriate in the circumstances as an inducement for the Purchaser to enter into the Arrangement Agreement. In the view of the Special Committee and the Board, the Corporation Termination Fee would not preclude the possibility of a third party making a Superior Proposal.
- *Reverse Termination Fee.* The Reverse Termination Fee is payable by the Purchaser to the Corporation if (a) the Purchaser fails to comply with its obligations to provide the Depository and Escrow Agent with sufficient funds to satisfy the aggregate Consideration,

(b) the Regulatory Approvals have not been obtained by the Outside Date (unless the failure to obtain the Regulatory Approvals has been caused by, or is a result of, a breach by the Corporation of any of its representations or warranties or the failure of the Corporation to perform any of its covenants or agreements under the Arrangement Agreement) and all conditions precedent to the closing of the Arrangement have been satisfied or waived other than the condition that no law prevent the transaction (in respect of Regulatory Approvals) and those conditions that by their terms are to be satisfied at the Effective Time and that are capable of being satisfied, or (c) the Purchaser willfully breaches the Arrangement Agreement.

- *Shareholder and Court Approval.* The Arrangement Resolution must be approved by the affirmative vote of at least two-thirds of the votes cast by Shareholders, voting as a single class. The Arrangement must also be approved by the Court, which will consider the fairness and reasonableness of the Arrangement to all Shareholders.
- *Fair Treatment.* In the Special Committee's and the Board's respective views, the terms of the Arrangement Agreement treat stakeholders of the Corporation equitably and fairly, including payment of identical consideration to holders of the Shares on a per Share basis, and the Arrangement is expected to benefit the Corporation and its stakeholders.
- *Interim Period Restrictions.* The restrictions on the Corporation's business until the Arrangement is completed or the Arrangement Agreement is terminated are reasonable and are not expected to impair or materially affect the Corporation's business during such period.
- *Availability of Dissent Rights.* Registered Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive fair value for their Shares.
- *No Brokerage Fees or Commissions.* The Arrangement will allow each Shareholder to dispose of his, her or its Shares without incurring brokerage fees or commissions.

### ***Potential Issues Relating to the Arrangement***

In the course of their deliberations, the Special Committee and the Board, in consultation with the Corporation's management and their legal and financial advisors, also considered a number of potential risks (as described in greater detail under the heading "*Risk Factors*") and issues relating to the Arrangement, including the following:

- the Corporation's non-solicitation obligations under the Arrangement Agreement, the Purchaser's right under the Arrangement Agreement to match a Superior Proposal and the quantum of the Corporation Termination Fee may discourage other parties from making a Superior Proposal. The Special Committee and the Board understood that such restrictions could limit the possibility that a Superior Proposal will emerge;
- closing of the Arrangement is subject to certain conditions, including the receipt of Regulatory Approvals set forth in Schedule E to the Arrangement Agreement, which may not be forthcoming or satisfied;
- the risks to the Corporation if the Arrangement is not completed, including the costs to the Corporation in pursuing the Arrangement and the diversion of the Corporation's management team from the conduct of the Corporation's day-to-day business, the potential impact on the Corporation's current business relationships (including with current

and prospective employees, suppliers, customers and other industry partners) and the potential adverse effect on the market price of the Shares;

- if the Arrangement is completed, the Corporation will no longer exist as a publicly traded Canadian company and Shareholders will be unable to directly participate in the longer-term potential benefits of the business of the Corporation, including any benefits that may result from any improvement in the Corporation's financial results;
- if the Arrangement Agreement is terminated by the Corporation due to (a) a wilful breach of the Arrangement Agreement by the Purchaser, or (b) failure by the Purchaser to fund the aggregate Consideration at the closing of the Arrangement and the Corporation is paid the Reverse Termination Fee, such Reverse Termination Fee will be its sole monetary remedy and the Corporation will be precluded from any other remedy against the Purchaser at Law or in equity or otherwise; and such fee is unlikely to compensate the Corporation fully for the adverse effects of the termination of the Arrangement Agreement; and
- the purchase by the Purchaser of Shares from Shareholders will be a taxable transaction for Canadian federal income tax purposes (and may also be a taxable transaction under other applicable tax Laws) and, as a result, Shareholders will generally be required to pay taxes on gains, if any, that result from the receipt of the Consideration for their Shares under the Arrangement.

### **Recommendation of the Special Committee**

The Special Committee, upon careful consideration of, among other things, the Fairness Opinion and advice of legal counsel and RBC, unanimously recommended to the Board that it determine the Arrangement is fair and reasonable to the Shareholders and is in the best interest of the Corporation and that the Board recommend that Shareholders vote **FOR** the Arrangement Resolution approving the Arrangement.

### **Recommendation of the Board**

The Board, after receiving the unanimous recommendation of the Special Committee and, upon careful consideration of, among other things, the Fairness Opinion and advice of its legal counsel and RBC, determined that the Arrangement is fair and reasonable to the Shareholders and is in the best interest of the Corporation. Accordingly, the Board unanimously recommends that Shareholders vote **FOR** the Arrangement Resolution approving the Arrangement.

### **Fairness Opinion**

In connection with the evaluation of the Arrangement, the Special Committee and the Board received and considered the oral opinion of Scotiabank (subsequently confirmed in writing).

Scotiabank was formally retained by the Special Committee pursuant to an engagement agreement dated October 11, 2020 (the "**Scotiabank Engagement Agreement**"). Pursuant to the Scotiabank Engagement Agreement, Scotiabank agreed to provide a written opinion as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Arrangement. Scotiabank has been determined to be independent and qualified to provide the Fairness Opinion based on the credentials of Scotiabank as a financial advisor in a number of transactions similar to the Arrangement. See "*Appendix C – Fairness Opinion – Credentials of Scotiabank*".

The terms of the Scotiabank Engagement Agreement provide for the payment to Scotiabank of fixed fees for its services and such fees are not contingent on the completion of the Arrangement or any other transaction of the Corporation or on the conclusions reached in the Fairness Opinion. In addition, Scotiabank is to be reimbursed for its reasonable out-of-pocket expenses subject to the Corporation's consent in certain circumstances and is to be indemnified by the Corporation in certain circumstances.

Neither Scotiabank nor any of its affiliates has provided any financial advisory services or participated in any financing involving the Corporation, the Purchaser or any of their respective associates or affiliates within the past twenty-four months, other than services provided under the Scotiabank Engagement Agreement and other services set out in the written Fairness Opinion. There are no other understandings, agreements, or commitments between Scotia Scotiabank and any of the interested parties with respect to any current or future business dealings which would be material to the Fairness Opinion.

At the meeting of the Special Committee held on November 9, 2020 to evaluate the Arrangement, Scotiabank rendered its oral opinion, which it confirmed by delivery of its written Fairness Opinion. Scotiabank's oral opinion reflected the determination that, as of November 9, 2020, subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, the Consideration of \$8.25 in cash, subject to adjustment in the manner set out in the Arrangement Agreement, per Share to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such Shareholders.

The full text of the Fairness Opinion, which sets forth assumptions made, procedures followed, information reviewed, matters considered, and limitations on the scope of review undertaken by Scotiabank is attached as Appendix C to this Circular. This summary is qualified in its entirety by reference to the full text of such opinion. The Fairness Opinion is not a recommendation as to how any Shareholder should vote or act on any matter relating to the Arrangement or any other matter.

The Fairness Opinion represents the opinion of Scotiabank and the form and content of such opinion have been approved for release by a committee of its professionals, each of whom is experienced in merger, acquisition, divestiture, opinion, valuation and capital markets matters.

In deciding to recommend and approve the Arrangement, the Special Committee and the Board considered, among other things, the advice and financial analyses provided by Scotiabank referred to above, as well as the Fairness Opinion. The Fairness Opinion was only one of many factors considered by the Special Committee and the Board in evaluating the Arrangement and should not be viewed as determinative of the views of the Special Committee or the Board with respect to the Arrangement or the Consideration to be received by Shareholders pursuant to the Arrangement. In assessing the Fairness Opinion, the Special Committee and the Board considered and assessed the independence of Scotiabank, taking into account that no portion of the fees payable to Scotiabank is contingent upon the completion of the Arrangement.

### **Lock-Up Agreements**

An aggregate of 41,634,542 Shares are subject to Lock-Up Agreements with the Purchaser, representing approximately 63.91% of the total number of issued and outstanding Shares. See "*Information Pertaining to the Corporation – Ownership of Shares*".

The following is a summary of the key terms of each Lock-Up Agreement.

Each director of the Corporation, the Chief Executive Officer and the Chief Financial Officer has entered into a Lock-Up Agreement with the Purchaser pursuant to which the each Locked-Up Shareholder has agreed that, among other things, until the termination of the Lock-Up Agreement in accordance with its terms, and except with the prior written consent of the Purchaser, each Locked-Up Shareholder will support the Arrangement and vote all the Shares subject to such Lock-Up Agreement in favour of the Arrangement Resolution.

The Lock-Up Agreements can be terminated by mutual consent between the parties thereto, or upon notice by the Locked-Up Shareholder if the Arrangement Agreement is amended to change the form or decrease the amount of consideration payable for Shares, DPSUs, DSUs, PSUs or RSUs under the Arrangement. The Lock-Up Agreements will automatically terminate upon the earlier of the Effective Date and the termination of the Arrangement Agreement in accordance with its terms.

Notwithstanding any provision of the Lock-Up Agreement to the contrary, the directors and officers of the Corporation are not limited or restricted in any way whatsoever in the exercise of their fiduciary duties as directors and officers of the Corporation.

### **Description of the Arrangement**

The following summary of the Plan of Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached at Appendix B.

### ***Plan of Arrangement***

Commencing at the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) each of the Shares held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality, by or on behalf of the Dissenting Holders, to the Purchaser in consideration for a claim against the Purchaser for the amount determined under Article 3 of the Plan of Arrangement, and:
  - (i) such Dissenting Holders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value by the Purchaser for such Shares as set out in Section 3.1 of the Plan of Arrangement;
  - (ii) such Dissenting Holders' names shall be removed as the holders of such Shares from the register of Shares maintained by or on behalf of the Corporation; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Shares (free and clear of all Liens), and shall be entered in the register of Shares maintained by or on behalf of the Corporation;
- (b) each Share outstanding immediately prior to the Effective Time, other than Shares held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised and the Shares held by the Purchaser, shall be deemed to have been transferred without any further act or formality, by or on behalf of the Shareholder, to the Purchaser in consideration for the Consideration, and:

- (i) the holders of such Shares shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid the Consideration by the Purchaser in accordance with the Plan of Arrangement;
  - (ii) such holders' names shall be removed from the register of the Shares maintained by or on behalf of the Corporation; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Shares (free and clear of all Liens), and shall be entered in the register of Shares maintained by or on behalf of the Corporation;
- (c) the number of DSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DSU, notwithstanding the terms of the DSU Plan, shall, without any further action by or on behalf of a DSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such DSU shall immediately be cancelled and (i) the DSU Holders shall cease to be the holders thereof, and to have any rights as DSU Holders other than the right to receive the consideration to which they are entitled under Section 2.3(c) of the Plan of Arrangement and (ii) such holders' names shall be removed from the register of the DSUs maintained by or on behalf of the Corporation;
- (d) notwithstanding the terms of the DSU Plan and any agreements relating to the DSUs, the DSU Plan shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DSU Plan or any agreement relating to the DSU Plan, including with respect to DSUs granted under the DSU Plan which did not vest prior to the Effective Time;
- (e) the number of DPSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DPSU, notwithstanding the terms of the DPSU Plan, shall, without any further action by or on behalf of a DPSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such DPSU shall immediately be cancelled and (i) the DPSU Holders shall cease to be the holders thereof, and to have any rights as DPSU Holders other than the right to receive the consideration to which they are entitled under Section 2.3(d) of the Plan of Arrangement and (ii) such holders' names shall be removed from the register of the DPSUs maintained by or on behalf of the Corporation;
- (f) notwithstanding the terms of the DPSU Plan and any agreements relating to the DPSUs, the DPSU Plan shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DPSU Plan or any agreement relating to the DPSU Plan, including with respect to DPSUs granted under the DPSU Plan which did not vest prior to the Effective Time;
- (g) the number of PSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such PSU, notwithstanding the terms of the LTIP, shall, without any

further action by or on behalf of a PSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such PSU shall immediately be cancelled and (i) the PSU Holders shall cease to be the holders thereof, and to have any rights as PSU Holders other than the right to receive the consideration to which they are entitled under Section 2.3(g) of the Plan of Arrangement (ii) such holders' names shall be removed from the register of the PSUs maintained by or on behalf of the Corporation;

- (h) the number of RSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such RSU, notwithstanding the terms of the LTIP, shall, without any further action by or on behalf of a RSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of the Plan of Arrangement, and each such RSU shall immediately be cancelled and (i) the RSU Holders shall cease to be the holders thereof, and to have any rights as RSU Holders other than the right to receive the consideration to which they are entitled under Section 2.3(h) of the Plan of Arrangement and (ii) such holders' names shall be removed from the register of the RSUs maintained by or on behalf of the Corporation;
- (i) notwithstanding the terms of the LTIP and any agreements relating to the PSUs and the RSUs, the LTIP shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the LTIP or any agreement relating to the LTIP, including with respect to PSUs and RSUs granted under the LTIP which did not vest prior to the Effective Time; and
- (j) notwithstanding the terms of the DRIP and any agreements relating to the DRIP, the DRIP shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DRIP or any agreement relating to the DRIP.

### ***Arrangement Mechanics***

#### *Depositary Agreement and Escrow Agreement*

Pursuant to the Plan of Arrangement and following receipt of the Final Order, the Purchaser shall, at least two (2) Business Days prior to the filing by the Corporation of the Articles of Arrangement with the Director, transfer, or cause to be transferred to (a) the Depositary, the aggregate amount equal to the payments in respect of Shares required by Section 2.3 of the Plan of Arrangement; and (b) to the Escrow Agent, the aggregate amount equal to the payments in respect of the DPSUs, PSUs, DSUs and RSUs required by Section 2.3 of the Plan of Arrangement to be held pursuant to the terms and conditions of the Escrow Agreement. The Corporation shall direct the Depositary to use such funds to make such payments in accordance with the Plan of Arrangement. The Corporation, the Purchaser and the Depositary will enter into the Depositary Agreement prior to the Effective Date. In addition, the Corporation, the Purchaser and the Corporation will enter into the Escrow Agreement not less than ten (10) Business Days prior to the Effective Date.

### *Certificates and Payment*

Prior to the sending by the Corporation of the Articles of Arrangement to the Director the Purchaser shall deposit, or arrange to be deposited, in accordance with the terms and conditions of the Arrangement Agreement for the benefit of the Shareholders, the DSU Holders, the DPSU Holders, the PSU Holders and the RSU Holders, cash as follows: (a) with the Depository, the aggregate amount equal to the payments in respect of Shares required by Section 2.3 of the Plan of Arrangement; and (b) with the Escrow Agent, the aggregate amount equal to the payments in respect of the DPSUs, the PSUs, the RSUs and the DSUs required by Section 2.3 of the Plan of Arrangement to be held pursuant to the terms and conditions of the Escrow Agreement.

As soon as practicable following the Effective Time, the Escrow Agent shall transfer the aggregate amount equal to the payments in respect of the DPSUs, the PSUs, the RSUs and the DSUs required by Section 2.3 of the Plan of Arrangement to the Payroll Service Administrators in accordance with the terms and conditions of the Escrow Agreement.

Following the deposit with the Depository and the Escrow Agent of the amounts specified in Section 4.1(a)(i) of the Plan of Arrangement and Section 4.1(a)(ii) of the Plan of Arrangement, the Purchaser will be fully and completely discharged from its obligation to pay the Consideration to the Shareholders, the DSU Holders, the DPSU Holders, the PSU Holders and the RSU Holders (other than in respect of the right of Dissenting Holders to be paid fair value as herein provided for the Shares in respect of which Dissent Rights have been validly exercised), and the rights of such holders will be limited to receiving, from the Depository and the Payroll Service Administrators, as applicable, the Consideration to which they are entitled in accordance with the Plan of Arrangement.

Upon surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 2.3(b) of the Plan of Arrangement, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the Shareholder(s) represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder, the cash which such holder has the right to receive under the Plan of Arrangement for such Shares, less any amounts withheld pursuant to the Plan of Arrangement, and any certificate representing Shares so surrendered shall forthwith be cancelled.

On or as soon as practicable after the Effective Date, the Payroll Service Administrators shall deliver to each DSU Holder, DPSU Holder, PSU Holder and RSU Holder, or to such other Person as such holder may direct, the cash payment, if any, which such DSU Holder, DPSU Holder, PSU Holder and RSU Holder has the right to receive under the Plan of Arrangement for such DSUs, DPSUs, PSUs and RSUs less any amount withheld pursuant to the Plan of Arrangement, either (a) pursuant to the normal payroll practices and procedures of the Corporation or (b) by cheque.

Until surrendered as contemplated by the Plan of Arrangement, each certificate that immediately prior to the Effective Time represented Shares (other than Shares in respect of which Dissent Rights have been validly exercised and not withdrawn), shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in the Plan of Arrangement, less any amounts withheld pursuant to the Plan of Arrangement. Any such certificate formerly representing Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former Shareholder of any kind or nature against or in the Corporation or the Purchaser. On such date, all cash to which such former holder of Shares was entitled shall be deemed to have been

surrendered to the Corporation and shall be paid over by the Depositary to the Corporation or as directed by the Corporation.

Any payment made by way of cheque by the Depositary or the Corporation, as applicable, pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable Consideration pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Corporation for no consideration.

No holder of Shares, DSUs, DPSUs, PSUs or RSUs shall be entitled to receive any consideration with respect to such Shares, DSUs, DPSUs, PSUs or RSUs other than any cash payment to which such holder is entitled to receive in accordance with the Plan of Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to or on the Effective Date.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to the Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration that such Shareholder has the right to receive in accordance with the Plan of Arrangement and such Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Corporation in a manner satisfactory to the Purchaser (acting reasonably) against any claim that may be made against the Purchaser and the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Each of the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators shall be entitled to deduct and withhold, or direct any other Person to deduct and withhold on their behalf, from the amount payable to any Person under the Plan of Arrangement (including, without limitation, any amounts payable upon exercise of Dissent Rights and any amounts payable in exchange for DSUs, DPSUs, PSUs or RSUs), such amount as the Purchaser, the Corporation, the Depositary or the Payroll Service Administrators deems, each acting reasonably, is required to be deducted or withheld pursuant to the Tax Act or any provision of any Law and remit such deducted and withheld amount to the appropriate Regulatory Authority. To the extent that the amount is so properly deducted, withheld and remitted, such amount shall be treated for all purposes of the Plan of Arrangement as having been paid to the relevant recipient, provided that such amounts are actually remitted to the appropriate Regulatory Authority. To the extent that such amounts are so deducted, withheld and remitted to the relevant Regulatory Authority, such amounts shall be treated for all purposes under the Plan of Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid. To the extent that the amount so required to be deducted or withheld from any amounts payable, issuable or otherwise deliverable to a Person under the Plan of Arrangement exceeds the amount of cash otherwise payable to such Person, the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators are authorized to sell or otherwise dispose, or direct any other Person to sell or otherwise dispose, of such portion of the non-cash amounts payable, issuable or otherwise

deliverable under the Plan of Arrangement to such Person as is necessary to provide sufficient funds to the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators, as applicable, shall notify the relevant Person of such sale or other disposition and remit to such Person any unapplied balance of the net proceeds of such sale or other disposition (after deduction for (a) the amounts required to satisfy the required withholding under the Plan of Arrangement in respect of such Person, (b) reasonable commissions payable to a broker, and (c) other reasonable costs and expenses).

### *Letter of Transmittal*

Registered Shareholders will have received with this Circular a Letter of Transmittal. In order to receive the Consideration, such Shareholders (other than the Dissenting Holders) must complete and sign the Letter of Transmittal enclosed with this Circular and deliver it and the other documents required by it, including the certificates representing the Shares, to the Depositary in accordance with the instructions contained in the Letter of Transmittal. Beneficial Shareholders must contact their Intermediary for instructions and assistance in receiving the Consideration for their Shares.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. Registered Shareholders (other than the Dissenting Holders) can obtain additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

If you are a Registered Shareholder, you will receive the Consideration in Canadian dollars unless you exercise the right to elect in your Letter of Transmittal to receive the Consideration in respect of your Shares in U.S. dollars.

If you are a Beneficial Shareholder, you will receive the Consideration in Canadian dollars unless you contact the Intermediary in whose name your Shares are registered and request that the Intermediary make an election on your behalf. If your Intermediary does not make an election on your behalf, you will receive the Consideration in Canadian dollars.

The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars will be the rate established by the Depositary, in its capacity as foreign exchange service provider to the Corporation, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the Shareholder. The Depositary will act as principal in such currency conversion transactions.

The Purchaser, in its absolute discretion, reserves the right to instruct the Depositary to waive or not to waive any and all defects or irregularities contained in any Letter of Transmittal or other document and any such waiver or non-waiver will be binding upon the affected Shareholders. The granting of a waiver to one or more Shareholders does not constitute a waiver for any other Shareholders. The Purchaser reserves the right to demand strict compliance with the terms of the Letter of Transmittal and the Arrangement. The method used to deliver the Letter of Transmittal and any accompanying certificates representing the Shares is at the option and risk of the holder surrendering them, and delivery will be deemed effective only when such documents are actually received by the Depositary. The Corporation and the Purchaser recommend that the necessary documentation be hand delivered to the Depositary, and a receipt obtained therefor; otherwise

the use of registered mail with an acknowledgment of receipt requested, and with proper insurance obtained, is recommended.

## **Certain Legal and Regulatory Matters**

### ***Implementation of the Arrangement and Timing***

The Arrangement will be implemented by way of a Court-approved plan of arrangement under the CBCA pursuant to the terms of the Arrangement Agreement. The following procedural steps must be taken in order for the Arrangement to become effective: (a) the Required Shareholder Approval must be obtained; (b) the Court must grant the Final Order approving the Arrangement; (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or otherwise waived by the appropriate party; and (d) the Final Order and Articles of Arrangement in the form prescribed by the CBCA must be filed with the Director.

Except as otherwise provided in the Arrangement Agreement, the Corporation will file the Articles of Arrangement with the Director on the tenth (10<sup>th</sup>) Business Day after the satisfaction or, where permitted, waiver of the conditions set forth in the Arrangement Agreement (other than those which by their nature are to be satisfied at the Effective Time) unless another time or date is agreed to by the Purchaser and the Corporation, provided that the Corporation is not required to file the Articles of Arrangement with the Director unless it has received confirmation from the Depositary and the Escrow Agent that the Depositary and the Escrow Agent have received from, or on behalf of, the Purchaser, the aggregate Consideration owing under the Arrangement.

It is currently anticipated that the Arrangement will be on the eleventh (11<sup>th</sup>) Business Day after the satisfaction of or, where not prohibited, the waiver by the applicable party in whose favour the condition is, and subject to applicable Law, the specified conditions in the Arrangement Agreement, unless another time or date is agreed to in writing by the parties, the Articles of Arrangement will be filed by the Corporation with the Director. The Corporation anticipates that receipt of the Regulatory Approval set forth in Schedule E of the Arrangement Agreement will be obtained in or about the first half of 2021 and the Effective Date will be on the eleventh (11<sup>th</sup>) Business Day thereafter. However, completion of the Arrangement is dependent on many factors and it is not possible at this time to determine precisely when or if the Arrangement will become effective.

As provided under the Arrangement Agreement, if the Arrangement cannot be completed by the Outside Date, termination rights can be triggered under the Arrangement Agreement, unless such Outside Date is extended to a later date as permitted under the Arrangement Agreement or with the consent of the Corporation and the Purchaser.

### ***Shareholder Approval***

To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two thirds of votes cast at the Meeting virtually or by proxy by the holders of Shares. See "*The Arrangement – Certain Legal and Regulatory Matters – Securities Law Matters*".

Notwithstanding the approval by Shareholders of the Arrangement Resolution, the Arrangement Resolution authorizes the Board to, without notice to or approval of the Shareholders, (a) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, and (b) subject to the terms of the Arrangement Agreement, determine not to proceed with the Arrangement and related transactions, in each case at any time prior to the filing of the Articles of Arrangement giving effect to the Arrangement.

## ***Court Approval of the Arrangement***

### *Interim Order*

The Arrangement requires approval by the Court under section 192 of the CBCA. Prior to the mailing of this Circular, the Corporation obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters, including, but not limited to: (a) the Required Shareholder Approval; (b) the Dissent Rights to Registered Shareholders; (c) the notice requirements with respect to the presentation of the application to the Court for the Final Order; (d) the ability of the Corporation to adjourn or postpone the Meeting from time to time in accordance with the terms of the Arrangement Agreement without the need for additional approval of the Court; and (e) unless required by Law or the Court, that the Record Date for the Shareholders entitled to notice of and to vote at the Meeting will not change in respect or as a consequence of any adjournment(s) or postponement(s) of the Meeting. A copy of the Interim Order is attached as Appendix D to this Circular.

### *Final Order*

Subject to the terms of the Arrangement Agreement, following the approval of the Arrangement Resolution by Shareholders, the Corporation will make an application to the Court for the Final Order. An application for the Final Order approving the Arrangement is expected to be heard on January 8, 2021 before the Supreme Court of Nova Scotia (the "**Final Hearing**"). A copy of the Notice of Application for the Final Order is set forth in Appendix E to this Circular. Any Shareholder who wishes to appear or be represented and to present evidence or arguments at the Final Hearing must serve and file a notice of intention to appear as set out in the Interim Order and satisfy any other requirements of the Court. At the Final Hearing, the Court will consider, among other things, the fairness of the Arrangement. The Court may approve the Arrangement (with the consent of the Corporation and the Purchaser, each acting reasonably) in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. In the event that the Final Hearing is postponed, adjourned or rescheduled then, subject to any further order of the Court, only those persons having previously served a notice of appearance in compliance with the Notice of Application and the Interim Order will be given notice of the postponement, adjournment or rescheduled date.

## ***Regulatory Approvals***

### *Competition Act Approval*

Where a proposed acquisition of the shares of a corporation carrying on an operating business in Canada exceeds specified financial and shareholding thresholds set out in Sections 109 and 110 of the Competition Act (a "**Notifiable Transaction**"), the parties must provide notice of the transaction to the Commissioner of Competition (the "**Commissioner**") and comply with Part IX of the Competition Act prior to completing the transaction. The Arrangement is a Notifiable Transaction.

Under the Competition Act, Notifiable Transactions may not be completed until: (a) the expiry of the applicable statutory waiting period; (b) the Commissioner has waived the obligation to notify the transaction pursuant to section 113(c) of the Competition Act; (c) the Commissioner has issued an advance ruling certificate ("**ARC**") pursuant to section 102 of the Competition Act; or (d) the Commissioner has terminated the waiting period pursuant to subsection 123(2) of the Competition Act. The Competition Act Approval condition in the Arrangement Agreement requires either: (i) the issuance of an ARC; or (ii) both of (A) the expiry, waiver or termination of any applicable waiting periods under section 123 of the Competition Act, and (B) written confirmation

from the Commissioner, or his authorized representative, that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Arrangement (a "**No Action Letter**").

The requirements of Part IX of the Competition Act impose an initial 30 calendar day waiting period, during which a Notifiable Transaction cannot be completed. The waiting period begins the day after the parties to the transaction each submit complete notifications. If the Commissioner determines, within the initial 30-day waiting period, that he requires additional information to review the transaction, he may issue a "supplementary information request" (a "**SIR**") requiring each of the parties to provide additional information and documents relevant to the transaction. A SIR extends the statutory waiting period by a further 30 calendar days from the day after the parties have each complied with their SIR.

The Purchaser and the Corporation each filed their notification pursuant to Part IX of the Competition Act on November 30, 2020, and on November 27, 2020, the Purchaser submitted to the Commissioner a letter requesting an ARC or, in the alternative, a No Action Letter in respect of the Arrangement.

### **Securities Law Matters**

#### *MI 61-101 Considerations*

The Corporation is a reporting issuer or equivalent in each of the provinces and territories of Canada and, accordingly, is subject to MI 61-101 in the provinces which have adopted it.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders, excluding certain interested or related parties and their joint actors, and, in certain instances, independent valuations and approval and oversight of the transaction by a special committee of independent directors.

The protections of MI 61-101 apply to, among other transactions, "business combinations", as defined in MI 61-101. A "business combination" includes, for an issuer, a transaction (including an arrangement) (a) as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, and (b) where a person who is a "related party", as defined in MI 61-101, of the issuer at the time the transaction is agreed to is entitled to receive, directly or indirectly, as a consequence of the transaction, a "collateral benefit", as defined in MI 61-101.

The Corporation considered the requirements of MI 61-101 and concluded that, the Arrangement, as it relates to the Corporation, is not a "business combination" or a "related party transaction" under MI 61-101 and that, accordingly, a formal valuation is not required and the minority approval requirements do not apply to the Arrangement Resolution.

#### *Collateral Benefits*

In reviewing whether the Arrangement could be considered a "business combination," the Corporation reviewed all benefits or payments which related parties of the Corporation are entitled to receive, directly or indirectly, to determine whether any such benefits constituted a "collateral benefit".

A collateral benefit includes any benefit that a related party of the Corporation (which includes the directors and "senior officers", as defined under MI 61-101, of the Corporation) is entitled to

receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the Corporation or another person.

However, MI 61-101 excludes from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of an issuer or an affiliated entity of the issuer or a successor to the business of the issuer if, among other things, (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and (d) (i) at the time the transaction was agreed to, the related party together with his or her "associated entities" (as defined in MI 61-101) beneficially own or exercise control or direction, over less than 1% of the outstanding securities of any class of equity securities of the issuer, or (ii) if the transaction is a business combination for the issuer, (A) the related party discloses to an "independent committee" (as defined in MI 61-101) of the issuer the amount of consideration the related party expects it will be beneficially entitled to receive in exchange for the equity securities beneficially owned by the related party, (B) the independent committee, acting in good faith, determines that the value of the collateral benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party expects to receive under the terms of the transaction as determined in (A), and (C) the independent committee's determination is disclosed in the disclosure document for the transaction.

All of the directors of the Corporation hold DSUs, certain of the directors hold DPSUs and all of the senior officers of the Corporation hold PSUs. As a result of the change of control arising from the Arrangement, the vesting of the PSUs and the DPSUs will accelerate, in accordance with the terms of the LTIP and the DPSU Plan and the Arrangement Agreement, respectively, and, pursuant to the Arrangement, all holders of PSUs, DSUs and DPSUs, as applicable, will be entitled to receive cash payments in respect thereof, in each case at the Effective Time (collectively, the "**Compensation Plan Benefits**"). See "*The Arrangement – Treatment of DPSUs, DSUs, PSUs and RSUs*".

In addition, if the Arrangement is completed, certain senior officers of the Corporation will be entitled to change of control bonuses in accordance with the terms and conditions of their employment (the "**COC Benefits**"). See "*The Arrangement – Interests of Certain Persons in Matters to be Acted Upon – Termination and Change of Control Benefits*".

The Board has determined that the Compensation Plan Benefits and COC Benefits fall within exceptions to the definition of "collateral benefit" for the purposes of MI 61-101, since the benefits are received solely in connection with the related parties' services as employees or directors of the Corporation or of any affiliated entities of the Corporation, are not conferred for the purpose, in whole or in part, of increasing the value of the Consideration paid to the related parties for their Shares, and are not conditional on the related parties supporting the Arrangement in any manner, and at the time of the entering into of the Arrangement Agreement, (i) except as disclosed below in clause (ii), none of the related parties entitled to receive the benefits exercised control or direction over, or beneficially owned, more than 1% of the outstanding Shares, as calculated in accordance with MI 61-101, and (ii) in respect of Colin MacDonald, Mickey MacDonald and John Risley, each of such individuals owns more than 1% of the equity securities of the Corporation, but (A) each has disclosed to the Special Committee (being an "independent committee" under MI 61-101) the amount of consideration that he expects he will be beneficially entitled to receive

under the terms of the Arrangement in exchange for the Shares that he beneficially owns and (B) the Special Committee, acting in good faith, has determined that the maximum value of DSUs and DPSUs in respect of each related party, net of any offsetting costs to the related party, is less than 5% of the value each has disclosed he will receive in accordance with (A).

As a result of the foregoing determinations, such benefits are not collateral benefits for the purposes of MI 61-101 and the Arrangement does not constitute a business combination for the purposes of MI 61-101.

#### *Prior Valuations*

There have not been any "prior valuations" (as defined in MI 61-101) of the Corporation or any of its Subsidiaries or any of its material assets or liabilities in the past 24 months preceding the entry into the Arrangement Agreement.

#### *No Prior Offers*

The Corporation has not received any bona fide prior offer relating to the subject matter of, or otherwise relevant to, the Arrangement in the past 24 months preceding the entry into the Arrangement Agreement other than the unsolicited offer made by PBHC on or about February 17, 2020.

#### ***Stock Exchange De-Listing and Reporting Issuer Status***

The Corporation expects that the Shares will be de-listed from the TSX shortly following the Effective Date. It is also expected that the Corporation will apply to cease to be a reporting issuer in all the provinces and territories of Canada after the Effective Date.

#### **Treatment of DPSUs, DSUs, PSUs and RSUs**

A total of 50,071 DPSUs and 1,079,290 PSUs will be vested and outstanding immediately prior to the Effective Time. The number of DSUs to be vested as of the Effective Date will be determinable on or before January 15, 2021 once additional DSUs are issued to settle directors' fees earned on or before December 31, 2020. Such additional DSUs will be added to the 579,979 DSUs currently outstanding. There are not currently and will not be, immediately prior to the Effective Time, any issued RSUs.

Pursuant to the Plan of Arrangement:

- (a) the number of DSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DSU, notwithstanding the terms of the DSU Plan, will be deemed to be assigned and transferred by the holder of such DSU to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, less applicable withholdings, and each such DSU will then immediately be cancelled;
- (b) the number of DPSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DPSU, notwithstanding the terms of the DPSU Plan, will be deemed to be assigned and transferred by the holder of such DPSU to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration,

less applicable withholdings, and each such DPSU will then be immediately be cancelled;

- (c) the number of PSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such PSU, notwithstanding the terms of the LTIP, will be deemed to be assigned and transferred by the holder of such PSU to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, less applicable withholdings, and each such PSU will then immediately be cancelled; and
- (d) the number of RSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such RSU, notwithstanding the terms of the LTIP, will be deemed to be assigned and transferred by the holder of such RSU to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, less applicable withholdings, and each such RSU will then immediately be cancelled.

On or as soon as practicable after the Effective Date, the Payroll Service Administrators shall deliver to each DSU Holder, DPSU Holder, PSU Holder and RSU Holder, or to such other Person as such holder may direct, the cash payment, if any, which such DSU Holder, DPSU Holder, PSU Holder and RSU Holder has the right to receive under the Plan of Arrangement for such DSUs, DPSUs, PSUs and RSUs less any amount withheld pursuant to the withholding rights under the Plan of Arrangement, either pursuant to the normal payroll practices and procedures of the Corporation, or by cheque.

As of the date hereof, all of the DPSU Holders and PSU Holders have executed and delivered consent and acknowledgement agreements which confirm their agreement to the treatment of their DPSUs and PSUs under the Arrangement. Each DPSU Holder and PSU Holder consented, among other things: (a) to the delayed vesting of their securities until immediately prior to the Effective Date, (b) to the predetermination of the performance adjustment (if applicable) irrespective of the date of the Effective Date, (c) that the Market Value (as defined in the applicable plans) shall be deemed to be the price per Share contemplated by the Arrangement Agreement for the purposes of settlement of the securities and (d) that the change of control provision in the applicable plans will not apply to the Arrangement.

### THE ARRANGEMENT AGREEMENT

The Arrangement Agreement and the Plan of Arrangement are the legal documents that govern the Arrangement. This section of the Circular describes the material provisions of the Arrangement Agreement but does not purport to be complete and may not contain all of the information about the Arrangement Agreement that is important to you. This summary is qualified in its entirety by the Arrangement Agreement and the Plan of Arrangement, which are available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). **We encourage you to read the Arrangement Agreement in its entirety.** The Arrangement Agreement establishes and governs the legal relationship between the Corporation, the Purchaser, PBHC and FNC with respect to the transactions described in this Circular. It is not intended to be a source of business or operational information about the Corporation, the Purchaser, PBHC or FNC.

## **The Arrangement**

### ***Final Order***

If the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order and as required by Law, the Corporation shall, subject to the terms of the Arrangement Agreement, take all steps necessary or advisable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 192 of the CBCA, as soon as reasonably practicable and in any event no later than five (5) Business Days after the receipt of the Required Shareholder Approval at the Meeting, subject to extension in certain circumstances if necessary due to restrictions on Court operations in response to the COVID-19 Pandemic.

### ***Court Proceedings***

- (a) Subject to the terms of the Arrangement Agreement, the Purchaser will cooperate with, assist and consent to the Corporation seeking the Final Order including by providing to the Corporation on a timely basis, any information reasonably required by Law to be supplied by the Purchaser in connection therewith. In connection with all Court proceedings relating to obtaining the Final Order, the Corporation shall:
- (b) provide the Purchaser and its outside legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with, or submitted to, the Court or the Director in connection with the Arrangement and shall reasonably consider to all reasonable comments made by the Purchaser and its legal counsel;
- (c) provide to the Purchaser, on a timely basis, with copies of any notice of appearance, evidence or other Court documents served on the Corporation or its outside legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any written notice received by the Corporation indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;
- (d) subject to Law, not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend materials so filed or served, except as contemplated by the Arrangement Agreement or with the Purchaser's prior consent, such consent not to be unreasonably withheld, conditioned or delayed, provided the Purchaser is not required to agree or consent to any increase in consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations set forth in any such filed or served materials or under the Arrangement Agreement;
- (e) ensure that all materials filed with the Court in connection with the Arrangement are consistent in all material respects with the terms of the Arrangement Agreement and the Plan of Arrangement;
- (f) not object to outside legal counsel to the Purchaser making submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided the Purchaser provides copies to the Corporation of any notice of appearance motions or other documents supporting such submissions no less than five (5) Business Days prior to such hearing and such submissions are consistent with the Arrangement Agreement and the Plan of Arrangement; and

- (g) use commercially reasonable efforts to oppose any proposal from any Person that the Final Order contain any provision inconsistent with the Arrangement Agreement, and, if at any time after the issuance of the Final Order and prior to the Effective Date, the Corporation is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and co-operation with, the Purchaser.

### ***Articles of Arrangement and Effective Date***

The Articles of Arrangement will implement the Plan of Arrangement. The Articles of Arrangement shall include the form of the Plan of Arrangement. Unless another time or date is agreed to in writing by the parties, on the tenth (10<sup>th</sup>) Business Day after the satisfaction or, where not prohibited, the waiver of the conditions set forth in ARTICLE 5 of the Arrangement Agreement, excluding (a) conditions that, by their terms, are only capable of being satisfied as of the Effective Time, and (b) the conditions set forth in Section 5.1(e) and Section 5.3(c) of the Arrangement Agreement, the Articles of Arrangement will be filed by the Corporation with the Director, provided that the Corporation will not be required to file the Articles of Arrangement with the Director unless the Corporation has received written confirmation, in a form satisfactory to it, from the Depositary that it has received sufficient funds to pay the aggregate Consideration for all of the Shares to be acquired pursuant to the Arrangement, and the DPSUs, PSUs, DSUs and RSUs to be arranged pursuant to the Arrangement, such aggregate funds will be held and dealt with by the Depositary in accordance with the Depositary Agreement and the Plan of Arrangement. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by Law, including the CBCA.

### ***Withholding Taxes***

The Purchaser, the Corporation, the Depositary and the Payroll Service Administrators shall be entitled to deduct and withhold, or direct any other Person to deduct and withhold on their behalf, from any Consideration or other payments payable, issuable or otherwise deliverable to any Person under the Arrangement Agreement or under the Plan of Arrangement such amounts as the Purchaser, the Corporation, the Depositary or the Payroll Service Administrators may be entitled, or required or reasonably believe to be required to deduct and withhold therefrom under any provision of any Laws or the interpretation or administration thereof in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted to the relevant Regulatory Authority, such amounts shall be treated for all purposes under the Arrangement Agreement and the Plan of Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid.

### ***DPSUs, DSUs, PSUs, and RSUs***

The Parties acknowledge and agree that the number of DPSUs, DSUs, PSUs and RSUs vested and outstanding as at the Effective Time shall be those set forth Schedule C-7(b) of the Corporation Disclosure Letter, subject only to (i) decreases arising from terminations or other events occurring prior to the Effective Time which pursuant to the DPSU Plan, DSU Plan or LTIP, require early settlement or forfeiture, as applicable; and (ii) additional DSUs issued to DSU Holders to the extent permitted by the Arrangement Agreement, and the Board will exercise its discretion under each of the DPSU Plan, the DSU Plan and the LTIP to accelerate the vesting of all DPSUs, DSUs, PSUs and RSUs issued thereunder effective at or prior to the Effective Time to give effect to the foregoing.

## **DRIP**

The Corporation shall take all necessary actions to terminate the DRIP and settle all obligations pursuant to the DRIP, effective at or immediately prior to the Effective Date, on terms acceptable to the Purchaser, acting reasonably.

## **Payment of Consideration**

The Purchaser shall, following receipt of the Final Order and at least two (2) Business Days prior to filing by the Corporation of the Articles of Arrangement with the Director, transfer or cause to be transferred to:

- (a) the Depository, the aggregate amount equal to the payments in respect of Shares required by Section 2.3 of the Plan of Arrangement; and
- (b) the Escrow Agent, the aggregate amount equal to the payments in respect of the DPSUs, the PSUs, the RSUs and the DSUs required by Section 2.3 of the Plan of Arrangement to be held pursuant to the terms and conditions of the Escrow Agreement.

If, between the date of the Arrangement Agreement and the Effective Time, the Corporation declares or pays dividends on the Shares, then the Consideration to be paid per Share, DSU, DPSU, PSU and RSU shall be appropriately adjusted to provide to such holders the same economic effect as contemplated by the Arrangement Agreement and the Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Consideration to be paid per Share, DSU, DPSU, PSU and RSU.

## **Covenants**

### **Conduct of Business of the Corporation**

The Corporation has covenanted and agreed that, prior to the earlier of the Effective Time or such time as the Arrangement Agreement is terminated in accordance with its terms, unless otherwise contemplated or permitted by the Arrangement Agreement, and unless prohibited by Law or by a Regulatory Authority, the Corporation shall, and shall cause its Subsidiaries and (to the fullest extent to which it is legally capable) the Joint Venture and the Investees, if applicable, to conduct its business in the Ordinary Course except (a) as required or specifically permitted by the Arrangement Agreement, (b) as required by Law or a Regulatory Authority, (c) as required by any Contract, or (d) with the prior consent of the Purchaser. The Corporation has covenanted and agreed that, prior to the earlier of the Effective Time or such time as the Arrangement Agreement is terminated in accordance with its terms, the Corporation shall, and shall cause its Subsidiaries, if applicable to comply with all applicable COVID-19 Measures.

Subject to certain exceptions, the Corporation has further covenanted and agreed that, until the earlier of the Effective Time or the time that the Arrangement Agreement is terminated in accordance with its terms, it shall, and shall cause its Subsidiaries and (to the fullest extent to which it is legally capable) the Joint Venture and the Investees to use its commercially reasonable efforts to (i) maintain and preserve intact the current business organization, goodwill, assets and properties of the Corporation, its Subsidiaries, the Joint Venture and the Investees, (ii) develop and, if determined advisable by the Chief Executive Officer and Chief Financial Officer, implement, certain cost reduction measures in response to general economic conditions, (iii) keep available the services of the Employees, (iv) maintain good relationships with suppliers, customers, landlords, creditors, distributors, joint venture partners and all other Persons having

material business relationships with the Corporation or its Subsidiaries, and (v) comply in all material respects with the terms of all Material Contracts and with Laws, in each case except as required to comply with COVID-19 Measures, or for any commercially reasonable action taken or not taken by the Corporation in good faith to respond to the actual or reasonably anticipated effect on the Corporation, its Subsidiaries or the Joint Venture of COVID-19 Measures.

Shareholders should refer to the Arrangement Agreement for details regarding the additional negative and affirmative covenants given by the Corporation in relation to the conduct of its business prior to the Effective Time, which include, among other things, covenants by the Corporation not to, nor will the Corporation permit any of its Subsidiaries, the Joint Venture and the Investees, without the consent of the Purchaser and subject to certain exceptions: (i) amend constating documents; (ii) reduce stated capital or split, combine or reclassify shares or amend the terms of outstanding debt securities; (iii) in the case of any Subsidiary or the Joint Venture declare, set aside or pay a dividend or other distribution; (iv) redeem, repurchase or otherwise offer to redeem, repurchase or otherwise acquire any shares or other securities (including, in respect of the Corporation, the Shares); (v) reorganize, amalgamate or merge by plan of arrangement or otherwise with any other Person or incorporate any Subsidiary other than in connection with the Arrangement; (vi) adopt a plan of liquidation or resolution providing for a liquidation or dissolution; (vii) enter into a joint venture agreement, partnership agreement, shareholders' agreement or similar relationship; (viii) make, or commit to make, capital expenditures beyond certain specified limitations; (ix) commence, cancel, waive, release, assign, settle or compromise certain claims, Actions or proceedings; (x) prepay any long-term indebtedness before its scheduled maturity or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof; (xi) make loans or advances to, or capital contributions or investments in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, another person or entity.

### ***Covenants of the Corporation Regarding the Arrangement***

The Corporation has covenanted and agreed that it shall, and shall cause its Subsidiaries to, to use commercially reasonable efforts to perform all obligations required to be performed by the Corporation or any of its Subsidiaries under the Arrangement Agreement, co-operate with the Purchaser in connection therewith, to perform all such other acts and things as may be necessary in order to consummate and make effective as soon as reasonably practicable, the Arrangement and the transactions contemplated by the Arrangement and, without limiting the generality of the foregoing, the Corporation shall, and where appropriate, shall cause its Subsidiaries to:

- (a) use commercially reasonable efforts to provide all required notifications and use commercially reasonable efforts to obtain and maintain all third party consents, waivers and approvals required to be provided or obtained under any Material Contract in connection with the Arrangement or in order to maintain its Material Contracts in full force and effect following completion of the Arrangement except for certain agreed exceptions;
- (b) except as provided for in Section 4.4 of the Arrangement Agreement in respect of the Regulatory Approvals, use commercially reasonable efforts to effect all filings and submissions of information required by Regulatory Authorities from it or any of its Subsidiaries or the Joint Venture and use commercially reasonable efforts to effect all necessary registrations relating to the Arrangement or the transactions contemplated by the Arrangement Agreement;

- (c) except as provided for in Section 4.4 of the Arrangement Agreement in respect of the Regulatory Approvals, use commercially reasonable efforts to oppose, lift or rescind any injunction, restraining or other order, decree, judgment or ruling seeking to restrain, enjoin or otherwise prohibit or materially adversely affect the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement and defend, or cause to be defended, any proceedings to which it or any of its Subsidiaries is a party or brought against it or any of its Subsidiaries or any of their directors or officers challenging the Arrangement Agreement, the Arrangement or the transactions contemplated by this Arrangement Agreement;
- (d) not take any action, or refrain from taking any action, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement other than as permitted under the Arrangement Agreement;
- (e) other than in connection with obtaining Regulatory Approvals, use commercially reasonable efforts to satisfy all mutual conditions precedent and conditions precedent of the Purchaser and carry out the terms of the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or any of its Subsidiaries with respect to the Arrangement Agreement, the Arrangement and the transactions contemplated by the Arrangement Agreement; and
- (f) promptly notify the Purchaser of: (i) any Material Adverse Effect or any event, change or development which would reasonably be expected to have a Material Adverse Effect; (ii) any notice or other communication from any Person received by the Corporation or any of its Subsidiaries alleging (A) that the consent, waiver or approval of such Person is required in connection with the Arrangement Agreement, the Arrangement or the transactions contemplated by the Arrangement Agreement; (B) such Person is terminating or otherwise materially adversely modifying a Material Contract as a result of the Arrangement Agreement or the Arrangement, or alleging that the transactions contemplated by the Arrangement Agreement would result in a breach of such Material Contract; or (C) such Person is terminating or otherwise materially adversely modifying any material relationship with the Corporation or any of its Subsidiaries, the Investees or the Joint Venture as a result of the Arrangement Agreement, the Arrangement or the transactions contemplated by the Arrangement Agreement; (iii) any notice or other communication from any Regulatory Authority in connection with the Arrangement Agreement (and, subject to Law, the Corporation shall promptly provide a copy of any such written notice or communication to the Purchaser); or (iv) any Actions commenced or, to the knowledge of the Corporation, threatened against the Corporation, its Subsidiaries, the Investees or the Joint Venture or affecting their assets that relate to the Arrangement Agreement, the Arrangement or the transactions contemplated by the Arrangement Agreement in each case to the extent that such Action would reasonably be expected to impair, impede, materially delay or prevent the Corporation from performing its obligations under the Arrangement Agreement.

### ***Covenants of the Purchaser, PBHC and FNC Regarding the Arrangement***

Except in respect of the Regulatory Approvals, the Purchaser, PBHC and FNC shall use commercially reasonable efforts to perform all obligations required to be performed by it under the Arrangement Agreement, cooperate with the Corporation in connection therewith, and do all such other acts and things as may be necessary in order to consummate and make effective as soon as reasonably practicable, the Arrangement and the transactions contemplated by the Arrangement Agreement and, without limiting the generality of the foregoing, each of the Purchaser, PBHC and FNC will:

- (a) except as provided in Section 4.4 of the Arrangement Agreement in respect of the Regulatory Approvals, use commercially reasonable efforts to effect all filings and submissions of information required by Regulatory Authorities and use commercially reasonable efforts to effect all necessary registrations relating to the Arrangement or the transactions contemplated by the Arrangement Agreement;
- (b) except as provided in Section 4.4 of the Arrangement Agreement in respect of the Regulatory Approvals, use commercially reasonable efforts to oppose, lift or rescind any injunction, restraining or other order, decree, judgment or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or any of its directors or officers challenging the Arrangement Agreement, the Arrangement or the transactions contemplated by the Arrangement Agreement;
- (c) not take any action, or refrain from taking any action, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement;
- (d) other than in connection with obtaining any Regulatory Approvals, use commercially reasonable efforts to satisfy all mutual conditions precedent and conditions precedent of the Corporation and carry out the terms of the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to the Arrangement Agreement, the Arrangement or the transactions contemplated by this Arrangement Agreement; and
- (e) other than in connection with obtaining any Regulatory Approvals, promptly notify the Corporation of: (i) any notice or other communication from any Person alleging that the consent, waiver or approval of such Person is required in connection with the Arrangement Agreement, the Arrangement or the transactions contemplated by the Arrangement Agreement; (ii) any notice or other communication from any Regulatory Authority in connection with the Arrangement Agreement (and, subject to Law, the Purchaser, PBHC or FNC as applicable shall promptly provide a copy of any such written notice or communication to the Corporation); and (iii) any actions, suits, arbitrations or other proceedings commenced or, to the knowledge of the Purchaser, PBHC or FNC as applicable, threatened against the Purchaser, PBHC or FNC, as applicable, or affecting their respective assets that relate to the Arrangement Agreement or the Arrangement, in each case to the extent that such notice, communication, action, suit, arbitration or proceeding would reasonably be

expected to impair, impede, materially delay or prevent the Purchaser, PBHC or FNC from performing their respective obligations under the Arrangement Agreement.

### ***Regulatory Approvals***

The parties mutually covenanted and agreed to: (a) as promptly as practicable, and in any event within fifteen (15) Business Days of the date of the Arrangement Agreement, file with the Competition Bureau their respective pre-merger notification forms pursuant to section 114(1) of the Competition Act (unless the Purchaser and the Corporation agree that doing so is not required or should be filed at a later date), and the Purchaser shall file with the Commissioner a request for an advance ruling certificate pursuant to section 102(1) of the Competition Act or, in the alternative, a No Action Letter; (b) cooperate in obtaining the Regulatory Approvals including by (i) promptly furnishing to the other parties such information and assistance as may reasonably be requested in order to prepare any notification, application, filing or request in connection with the Regulatory Approvals, (ii) consulting with, and considering in good faith, any suggestions or comments made by the other parties with respect to the documentation relating to the Regulatory Approvals process, (iii) providing or submitting on a timely basis, and as promptly as practicable, all documentation and information that is required or advisable and relating to the Regulatory Approvals process, and (iv) cooperating in the preparation and submission of all applications, notices, filings, and submissions to Regulatory Authorities; (c) promptly inform the other parties of any communication received by that party in respect of obtaining or concluding the Regulatory Approvals; (d) use commercially reasonable efforts to respond promptly to any request or notice from any Regulatory Authority requiring the parties, or any one of them, to supply additional information that is relevant to the review of the transactions contemplated by the Arrangement Agreement in respect of obtaining or concluding the Regulatory Approvals; (e) permit the other party to review in advance any proposed applications, notices, filings and submissions to Regulatory Authorities (including responses to requests for information and inquiries from any Regulatory Authority) in respect of obtaining or concluding the Regulatory Approvals; (f) unless contrary to Law, promptly provide the other parties with any filed copies of applications, notices, filings and submissions (including responses to requests for information and inquiries from any Regulatory Authority) that were submitted to a Regulatory Authority in respect of obtaining or concluding the Regulatory Approvals; (g) unless contrary to Law, use commercially reasonable efforts to not participate in any substantive meeting or discussion (whether in person, by telephone or video-conference, or otherwise) with Regulatory Authorities in respect of obtaining or concluding the Regulatory Approvals unless it consults with the other parties in advance and gives the other parties or its outside legal counsel the opportunity to attend and participate thereat, unless a Regulatory Authority requests otherwise; (h) unless contrary to Law, keep the other parties promptly informed of the status of discussions relating to obtaining or concluding the Regulatory Approvals; and (i) not extend or consent to any extension of any applicable waiting or review period or enter into any agreement with a Regulatory Authority to not consummate the transactions contemplated by the Arrangement Agreement, except upon the prior written consent of the other parties such consent not to be unreasonably withheld, conditioned or delayed.

Further, the Purchaser, PBHC and FNC covenanted and agreed to cause shall cause each of its Subsidiaries and Affiliates (as applicable) to, use commercially reasonable efforts (subject to certain exceptions described in the Arrangement Agreement) to obtain the Regulatory Approvals as soon as reasonably practicable but, in any event, prior to the Outside Date.

### ***DFO Approval***

Subject to certain provisions of the Arrangement Agreement, the Corporation shall and shall cause its Subsidiaries, as applicable, to file with the DFO, within ten (10) Business Days of the Corporation's receipt of the Purchaser's written request to submit the DFO Approval (the "**DFO Approval Request Date**"), the DFO Approval in a form acceptable to the Purchaser, acting reasonably which notice shall, for clarity, include the name of the entity the Specified Fishing Licenses are to be transferred to and such entity shall be formed as of the DFO Approval Request Date.

Pursuant to the terms and conditions of the Arrangement Agreement, the Purchaser has agreed that under no circumstances will the issuance of the DFO Approval constitute a condition of closing under the Arrangement Agreement.

### ***Access to Information***

Subject to Law and the Confidentiality Agreements, the Corporation will, and will cause its Subsidiaries to give to the Purchaser and its Representatives, upon reasonable notice, reasonable access to its Books and Records, Contracts and financial and operating data or other information with respect to the personnel, assets or business of the Corporation and its Subsidiaries as the Purchaser or its Representatives may from time to time request in connection with strategic and integration planning, confirmatory due diligence, or for any other reasons reasonably relating to the Arrangement, subject to certain exceptions.

### ***Insurance and Indemnification***

From and after the Effective Time, the Purchaser will, and will cause the Corporation and the Subsidiaries to, indemnify and hold harmless, to the fullest extent permitted under Law (and to also advance expenses as incurred to the fullest extent permitted under Law), (i) each present and former director, officer and Employee of the Corporation or any of its Subsidiaries, and (ii) each present and former director, officer and employee of any Investee whose services are or were performed by such Persons at the request of the Corporation or any of its Subsidiaries, in each case including such Persons' respective heirs, executors, administrators and personal representatives (each, an "**Indemnified Person**") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, inquiry, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or related to such Indemnified Person's service as a director, officer or employee, or acting in a similar capacity of the Corporation and/or any of its Subsidiaries or any Investee or services performed by such Persons at the request of the Corporation or any of its Subsidiaries at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time on the terms and conditions set forth in the Arrangement Agreement.

Prior to the Effective Date, the Corporation will purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Corporation and its Subsidiaries which are in effect immediately prior to the Effective Date on the terms and conditions set forth in the Arrangement Agreement.

### ***Lock-Up Agreements***

The Purchaser shall not (a) modify, amend, supplement or permit the modification, amendment or supplementation of any Lock-Up Agreement, or (b) enter into any other agreement,

arrangement, commitment or understanding (whether written or oral) with any Person relating to the voting, transfer or other disposition of Shares in connection with the transactions contemplated by the Arrangement Agreement or any other transaction involving or related to the Corporation, in each case without the express prior written consent of the Corporation.

### ***TSX De-Listing***

The Purchaser and the Corporation will use their commercially reasonable efforts to cause the Shares to be delisted from the TSX within a reasonable period of time following the acquisition by the Purchaser of the Shares pursuant to the Arrangement.

### ***Redemption of Corporation Notes***

Within two (2) Business Days of the satisfaction or, where not prohibited, the waiver of the conditions set forth in Article 5 of the Arrangement Agreement [*Conditions*], excluding (a) conditions that, by their terms, are only capable of being satisfied as of the Effective Time, and (b) the conditions set forth in Section 5.1(e) and Section 5.3(c) of the Arrangement Agreement, the Corporation will deliver a redemption notice (the "**Redemption Notice**") pursuant to and in accordance with the Indenture to redeem all of the Corporation Notes. The Redemption Notice will provide:

- (i) the information required pursuant to the Indenture;
- (ii) for a redemption date as designated by the Purchaser provided that the redemption date will be a date that is at least thirty (30) days but not more than sixty (60) days following the date of the Redemption Notice; and
- (iii) that the redemption of the Corporation Notes is conditional upon closing of the Arrangement and the transactions contemplated by the Arrangement Agreement.

If requested by the Purchaser, the Corporation shall provide such further notices in a form agreeable to the Corporation, acting reasonably, as the Purchaser may deem necessary or desirable, acting reasonably, pursuant to and in accordance with the Indenture, including notices advising of any failure to satisfy any condition contained in the Redemption Notice.

### ***Pre-Arrangement Reorganization***

The Purchaser has provided to the Corporation its pre-arrangement reorganization steps memorandum, which sets out the reorganization steps pertaining to the Corporation and its Subsidiaries that the Purchaser desires to see effected by the Corporation and its Subsidiaries prior the Effective Time (the "**Pre-Arrangement Reorganization**").

Upon the request of the Purchaser, the Corporation shall, and shall cause its Subsidiaries to use commercially reasonable efforts to: (i) implement the Pre-Arrangement Reorganization substantially in accordance with the steps memorandum, but with such non material amendments as the Purchaser may reasonably request and the Corporation may accept, acting reasonably having regard to Section 4.16(b) of the Arrangement Agreement; (ii) cooperate with the Purchaser and its advisors to confirm the manner in which the Pre-Arrangement Reorganization would be most efficiently undertaken; and (iii) cooperate with the Purchaser and its advisors to seek to obtain those consents or waivers set out in Schedule H of the Arrangement Agreement.

Any Pre-Arrangement Reorganization must satisfy the conditions set forth in the Arrangement Agreement. If the Arrangement is not consummated, the Purchaser shall (a) reimburse the

Corporation for all reasonable out-of-pocket costs and expenses incurred by it and its Subsidiaries in connection with any proposed Pre-Arrangement Reorganization, and (b) indemnify the Corporation, any of its Subsidiaries and their Shareholders for all direct and indirect liabilities, losses, Taxes, damages, claims, costs, expenses, interest awards, judgements and penalties suffered or incurred by any of them in connection with or as a result the Pre-Arrangement Reorganization.

### ***Financing Assistance***

The Corporation has covenanted and agreed to, and to cause its Subsidiaries to provide such cooperation (including with respect to timeliness) to the Purchaser, PBHC and FNC as they may reasonably request in connection with the arrangements by the Purchaser, PBHC and FNC to obtain the Debt Financing and the Proposed Offering, subject to the terms of the Arrangement Agreement. The Purchaser has covenanted and agreed to, promptly upon request by the Corporation and from time to time, reimburse the Corporation and its Subsidiaries for all reasonable and documented out-of-pocket costs (including reasonable and documented out-of-pocket legal fees) incurred by the Corporation and its Subsidiaries in connection with any of the actions contemplated by this covenant, and will indemnify and hold harmless the Corporation and its Subsidiaries and their respective Representatives from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with actions contemplated by this covenant. Pursuant to the terms of the Arrangement Agreement, the Purchaser agrees that under no circumstances will the completion of the Debt Financing or the Proposed Offering constitute a condition of closing under the Arrangement Agreement.

### ***Representations and Warranties***

The Arrangement Agreement contains certain representations and warranties of the Corporation relating to, among other things, its corporate organization and qualification; its corporate authorization; the execution and enforceability of the Arrangement Agreement; governmental authorizations required in connection with the Arrangement; the impact of the Arrangement on constating documents, material contracts, authorizations and other matters; Regulatory Approvals; its capitalization; its shareholders' and similar agreements; its Subsidiaries, Joint Ventures and Investees; certain securities Laws matters; its financial statements; its disclosure/internal controls; its auditors; the absence of certain changes; the absence of undisclosed material liabilities; its books and records; the existence of any non-arm's length transactions; compliance with Laws and governmental authorizations; certain litigation matters; certain taxation matters; certain employment and labour matters; its customers; certain environmental matters; real property; its material contracts; its intellectual property; its insurance; the existence of restrictions on its business conduct; compliance with anti-money laundering and anti-corruption Laws; and its Vessels.

The Arrangement Agreement also contains certain representations and warranties of the Purchaser, PBHC and FNC relating to their respective organization and qualification; corporate authorization; absence of conflict with the provisions of the Arrangement Agreement; absence of additional consents or regulatory approvals required to undertake the Arrangement; execution and binding obligation of the Arrangement Agreement; ownership; ability to fund the Consideration; certain litigation matters; that it has not paid any finders' fees in relation to the Arrangement; agreements with shareholders; and its compliance with the Investment Canada Act.

## **Conditions to Closing**

### ***Mutual Conditions Precedent***

The obligations of the parties to complete the Arrangement and the transactions contemplated by the Arrangement Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived, in whole or in part, with the mutual consent of the parties:

- (a) the Arrangement Resolution has been approved and adopted by the Shareholders with the Required Shareholder Approval at the Meeting in accordance with the Interim Order;
- (b) the Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either the Corporation or the Purchaser, each acting reasonably, on appeal or otherwise;
- (c) each of the Regulatory Approvals set forth in Schedule E of the Arrangement Agreement has been obtained or concluded, and is in full force and effect, and has not been rescinded or modified;
- (d) no Law is in effect, whether temporary, preliminary or permanent, which prevents, prohibits or makes the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement illegal or otherwise prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement or the transactions contemplated by the Arrangement Agreement;
- (e) the Articles of Arrangement to be sent to the Director under the CBCA in accordance with the Arrangement Agreement will be in a form and content satisfactory to the Corporation and the Purchaser, each acting reasonably; and
- (f) no Action is proceeding or pending, to (i) cease trade, enjoin or prohibit the transactions contemplated by the Arrangement Agreement or (ii) to impose any material limitations or material conditions on the transactions contemplated by the Arrangement Agreement.

### ***Conditions in Favour of the Purchaser***

The obligations of the Purchaser to complete the Arrangement and the transactions contemplated by the Arrangement Agreement will also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser at any time in its sole discretion):

- (a) The representations and warranties of the Corporation set forth in the Arrangement Agreement relating to the following sections of the Arrangement Agreement: Section 1 [*Organization and Qualification*], Section 2 [*Corporate Authorization*], Section 4 [*No Conflict*], Section 5 [*Execution and Binding Obligation*], Section 6 [*Regulatory Approvals*], and Section 7 [*Capitalization*] of Schedule C of the Arrangement Agreement are true and correct in all respects as of the date of the Arrangement Agreement (except for de minimis inaccuracies) and, as of the Effective Time (except for de minimis inaccuracies and as a result of transactions, changes, conditions, events or circumstances permitted hereunder), (ii) all other

representations and warranties of the Corporation set forth in Schedule C of the Arrangement Agreement are true and correct in all respects as of the date of the Arrangement Agreement and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), without regard to any materiality or Material Adverse Effect qualifications contained in them, except where the failure or failures of all such representations and warranties to be so true and correct in all respects, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and (iii) the Corporation has delivered a certificate confirming same to the Purchaser, executed by two officers of the Corporation (on behalf of the Corporation without personal liability) addressed to the Purchaser and dated the Effective Date;

- (b) the Corporation has fulfilled or complied in all material respects with each of the covenants of the Corporation contained in the Arrangement Agreement to be fulfilled or complied with by them on or prior to the Effective Time, and has delivered a certificate confirming same to the Purchaser, executed by two officers of the Corporation (on behalf of the Corporation without personal liability) addressed to the Purchaser and dated the Effective Date;
- (c) the Locked-up Shareholders shall have complied in all material respects with the covenants set forth in the Lock-Up Agreements that are to be complied with prior to the Effective Date and the Lock-Up Agreements shall not have been terminated in accordance with their terms;
- (d) since the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect; and
- (e) Dissent Rights have not been exercised with respect to more than five per cent (5%) of the issued and outstanding Shares.

### ***Conditions in Favour of the Corporation***

The obligations of the Corporation to complete the Arrangement and the transactions contemplated by the Arrangement Agreement will also be subject to the following conditions precedent (each of which is for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation in its sole discretion):

- (a) (i) the representations and warranties of (A) the Purchaser set forth in the Arrangement Agreement Section 1 [*Organization and Qualification*], Section 2 [*Corporate Authorization*], Section 3 [*No Conflict*], Section 5 [*Regulatory Approvals*], Section 6 [*Execution and Binding Obligation*], Section 8 [*Investment Canada Act*], Section 9 [*Financial Advisors and Finders' Fees*], and Section 10 [*Funds*] of Schedule D, (B) PBHC set forth in Section 1 [*Organization and Qualification*], Section 2 [*Corporate Authorization*], Section 3 [*No Conflict*], Section 5 [*Execution and Binding Obligation*] and Section 7 [*Financial Advisors and Finder's Fees*] of Schedule F, and (C) FNC set forth in Section 1 [*Organization and Qualification*], Section 2 [*Corporate Authorization*], Section 3 [*No Conflict*], Section 5 [*Execution and Binding Obligation*] and Section 7 [*Financial Advisors and Finder's Fees*] of Schedule G, are true and correct in all respects as of the date of the Arrangement Agreement and as of the Effective Time (except for de minimis inaccuracies therein), (ii) all other representations and warranties of the Purchaser set forth in Schedule D, PBHC in Schedule F and FNC in Schedule G are true and

correct in all respects as of the date of the Arrangement Agreement and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), without regard to any materiality qualifications contained in them, except where the failure or failures of all such representations and warranties to be so true and correct in all respects, individually or in the aggregate, would not reasonably be expected to materially impede the completion of the Arrangement, and (iii) each of the Purchaser, PBHC and FNC has delivered a certificate confirming same to the Corporation, executed by two officers the Purchaser, PBHC or FNC (without personal liability), as applicable, addressed to the Corporation and dated the Effective Date;

- (b) each of the Purchaser, PBHC and FNC have fulfilled or complied in all material respects with each of their respective covenants contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and each of the Purchaser, PBHC and FNC has delivered a certificate confirming same to the Corporation, executed by one two officers of the Purchaser, PBHC or FNC (without personal liability), as applicable, addressed to the Corporation and dated the Effective Date; and
- (c) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained in the Arrangement Agreement in the Purchaser's favour (other than conditions which, by their nature, are only capable of being satisfied as of the Effective Time), the Purchaser has deposited or caused to be deposited with the Depository and the Escrow Agent the funds required to effect payment in full of the Consideration to be paid pursuant to the Arrangement.

## **Acquisition Proposals**

### ***Non-Solicitation***

The Corporation has agreed pursuant to the Arrangement Agreement that, except as expressly provided in the Arrangement Agreement, it will not, and will cause its Subsidiaries not to, directly, or indirectly, through any of their respective Representatives or to take any action, in its capacity as a partner in the Joint Venture, to cause the Joint Venture or its Representatives to, directly or indirectly:

- (a) solicit, initiate, facilitate or knowingly encourage (including by furnishing information or providing copies of, access to, or disclosure of, any confidential information of the Corporation or any Subsidiary, the Joint Venture or the Investees or entering into any form of agreement, arrangement or understanding) any inquiries or proposals or offers that constitute, or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- (b) encourage, enter into or otherwise engage, continue or participate in any discussions or negotiations with any Person (other than the Purchaser), with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, provided that the Corporation may (i) advise any Person of the restrictions of the Arrangement Agreement, (ii) contact the Person for the sole purpose of seeking clarification of the terms of such Acquisition Proposal regarding an Acquisition Proposal, and (iii) advise any Person making an Acquisition Proposal that the Board (or any relevant committee thereof) has determined that such Acquisition Proposal does not

constitute or would not reasonably be expected to result in or lead to a Superior Proposal, in each case, if, in so doing, no other information that is prohibited from being communicated under the Arrangement Agreement is communicated to such Person;

- (c) enter into or publicly propose to enter into any Contract in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by and in accordance with Section 6.3(a)(iv) [*Responding to Acquisition Proposals*] or a definitive agreement permitted by and in accordance with Section 6.4(a)(vii) [*Right to Match*]);
- (d) make a Change in Recommendation;
- (e) fail to enforce, or grant any waiver under, any standstill or similar agreement with any Person (other than the Purchaser), it being acknowledged by the Purchaser that the Corporation will not be obligated to enforce any standstill or similar agreement or covenants that are automatically terminated or released as a result of entering into and/or announcing the Arrangement Agreement; or
- (f) accept, approve, endorse, or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five (5) Business Days following the formal announcement of such Acquisition Proposal shall not be considered to be in violation of the Corporation's non-solicitation obligations, provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five (5) Business Day period.

The Corporation has also agreed to cease any solicitation, discussion, negotiation, encouragement or activity with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal and to provide the Purchaser notice of any inquiry, proposal or offer that constitutes, or could reasonably be expected to constitute or lead to an Acquisition Proposal.

### ***Responding to an Acquisition Proposal***

Notwithstanding any other provision of the Arrangement Agreement, if at any time following the date of the Arrangement Agreement and prior to obtaining the Required Shareholder Approval at the Meeting the Corporation receives a bona fide unsolicited Acquisition Proposal, the Corporation may engage in or participate in discussions or negotiations with the relevant Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of disclosure relating to the properties, facilities, Books and Records of the Corporation or any of its Subsidiaries, the Investees or the Joint Venture, if and only if:

- (a) the Board (or any relevant committee thereof) first determines in good faith, after consultation with its financial and outside legal advisors, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal if consummated in accordance with its terms;
- (b) such Person was not restricted from making such Acquisition Proposal pursuant to any existing confidentiality, standstill or similar restriction to which the Corporation or any of its Subsidiaries is party;

- (c) such Acquisition Proposal did not arise, directly or indirectly, as a result of a violation by the Corporation directly or indirectly through its Subsidiaries or the Joint Venture or their respective Representatives in any material respect and the Corporation has been, and continues to be, in compliance with certain of its obligations in all material respects;
- (d) the Corporation enters into a confidentiality and standstill agreement with the relevant Person that contains provisions that are no less favorable to the Corporation than those contained in the Confidentiality Agreements (except that it will permit the disclosure to the Purchaser required by the section of the Arrangement Agreement on Responding to Acquisition Proposals);
- (e) the Corporation has provided the Purchaser with (i) written notice stating the Corporation's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure, and (ii) a copy of the confidentiality and standstill agreement referred to above; and
- (f) the Corporation promptly provides the Purchaser with any substantive or material non-public information concerning the Corporation, its Subsidiaries, the Investees and the Joint Venture provided to such other Person which was not previously provided to the Purchaser.

### ***Right to Match***

If at any time following the date of the Arrangement Agreement and prior to obtaining the Required Shareholder Approval at the Meeting, the Corporation receives a *bona fide* Acquisition Proposal that constitutes a Superior Proposal, the Board (or any relevant committee thereof) may authorize the Corporation to enter into a definitive agreement with respect to such Acquisition Proposal, if and only if:

- (a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to any existing confidentiality, standstill or similar restriction to which the Corporation or any of its Subsidiaries is party;
- (b) such Superior Proposal did not arise, directly or indirectly, as a result of a violation by the Corporation directly or indirectly through its Subsidiaries or the Joint Venture or their respective Representatives of Article 6 [*Covenants Relating to Acquisition Proposals*] of the Arrangement Agreement in any material respect and the Corporation has been, and continues to be, in compliance with its obligations under of Article 6 [*Covenants Relating to Acquisition Proposals*] of the Arrangement Agreement in all material respects;
- (c) the Corporation has provided the Purchaser with (i) written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement, together with (ii) written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**") and (iii) a copy of the proposed definitive agreement for the Superior Proposal and all schedules and exhibits thereto;

- (d) at least ten (10) Business Days (the "**Matching Period**") shall have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 6.3(a)(vi) of the Arrangement Agreement [*Responding to Acquisition Proposals*] (it being understood that the Corporation shall promptly inform the Purchaser of any amendment to the financial or other material terms of such Superior Proposal during such period). For greater certainty, the Matching Period shall expire at 5:00 p.m. on the tenth Business Day following the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 6.3(a)(vi) of the Arrangement Agreement [*Responding to Acquisition Proposals*];
- (e) after the Matching Period, the Board has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal, if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 6.4(b) of the Arrangement Agreement;
- (f) after the Matching Period, the Board has determined, in good faith, after consultation with its outside legal counsel, that failure of the Board to make a Change in Recommendation and to enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and
- (g) prior to or concurrently with entering into a definitive agreement with respect to such Superior Proposal, the Corporation terminates the Arrangement Agreement pursuant to the termination provisions set out in the Arrangement Agreement.

During the Matching Period, or such longer period as the Corporation may approve in writing for such purpose (i) the Purchaser shall have the right, but not the obligation, to offer to amend the terms of the Arrangement and this Agreement, (ii) the Board shall review any offer made by the Purchaser to amend the terms of the Arrangement and the Arrangement Agreement in good faith in order to determine, in consultation with its financial and outside legal advisors, whether the Purchaser's amended offer, upon acceptance, would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal, (iii) if the Board determines that the Acquisition Proposal giving rise to such Matching Period no longer constitutes a Superior Proposal compared to the Arrangement and the Arrangement Agreement as they are proposed to be amended by the Purchaser, the Corporation shall promptly so advise the Purchaser and the parties shall amend the Arrangement Agreement to give effect to such amendments, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

Each successive material amendment to any Acquisition Proposal from the same party that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of the requirements set forth above, and the Purchaser shall be afforded the rights set out above with respect to a new ten (10) Business Day Matching Period.

If the Corporation provides a Superior Proposal Notice to the Purchaser after a date that is less than ten (10) Business Days before the Meeting, the Corporation shall either proceed with or shall postpone the Meeting, as directed by the Purchaser acting reasonably, to a date that is not more

than ten (10) Business Days after the scheduled date of the Meeting, but in any event to a date that is not less than five (5) Business Days prior to the Outside Date.

### **Termination of the Arrangement Agreement**

The Arrangement Agreement may be terminated at any time prior to the Effective Time (notwithstanding any approval of the Arrangement Agreement or the Arrangement Resolution by the Shareholders or the Arrangement by the Court) by:

- (a) mutual written agreement of the parties;
- (b) either the Corporation or the Purchaser if:
  - (i) the Required Shareholder Approval is not obtained at the Meeting in accordance with the Interim Order provided that a party may not terminate the Arrangement Agreement pursuant to Section 7.2(b)(i) of the Arrangement Agreement if the failure to obtain the Required Shareholder Approval has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Arrangement Agreement
  - (ii) after the date of the Arrangement Agreement, any Law (including with respect to any Regulatory Approvals) is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement illegal or otherwise permanently prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement or the transactions contemplated by the Arrangement Agreement, and such Law, if applicable, or injunction has become final and non-appealable; provided the party seeking to terminate the Arrangement Agreement on such basis has used its commercially reasonable efforts to, as applicable, prevent, appeal or overturn such Law or injunction or otherwise have it lifted or rendered non-applicable in respect of the Arrangement or the transactions contemplated by the Arrangement Agreement, and provided further that the making, enforcement or amendment of such Law or injunction was not due to a breach by such party of any of its representations or warranties, or the failure of such party to perform any of its covenants or agreements, under the Arrangement Agreement; or
  - (iii) the Effective Time does not occur on or prior to the Outside Date, provided that a party may not terminate the Arrangement Agreement on such basis if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Arrangement Agreement;
- (c) the Corporation if:
  - (i) the Purchaser breaches any of its representations or warranties, or fails to perform any covenants or agreements contained in the Arrangement Agreement, which breach or failure would cause either closing condition related to the Purchaser's representations and warranties or related to the

Purchaser's covenants not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date provided that any wilful breach shall be deemed to be incapable of being cured and provided that the Corporation is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any condition in Section 5.2(a) of the Arrangement Agreement [*Corporation Representations and Warranties Condition*] or Section 5.2(b) of the Arrangement Agreement [*Corporation Covenants Condition*] not to be satisfied; or

- (ii) prior to obtaining the Required Shareholder Approval, the Board authorizes the Corporation to enter into a definitive written agreement (other than a confidentiality and standstill agreement permitted by the Arrangement Agreement) with respect to any Superior Proposal in accordance with the provisions of the Arrangement Agreement, provided the Corporation is then in material compliance with Article 6 of the Arrangement Agreement [*Covenants Relating to Acquisition Proposals*] and that prior to or concurrent with such termination the Corporation pays the Corporation Termination Fee;

(d) the Purchaser if:

- (i) the Corporation breaches any of its representations or warranties, or fails to perform any covenants or agreements contained in the Arrangement Agreement, which breach or failure would cause either condition related to the Corporation's representations and warranties or the Corporation's covenants not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of Section 4.8(c) of the Arrangement Agreement [*Notice and Cure Provisions*] provided that any wilful breach shall be deemed to be incapable of being cured and provided that the Purchaser is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any condition in Section 5.3(a) of the Arrangement Agreement [*Purchaser Representations and Warranties Condition*] or Section 5.3(b) of the Arrangement Agreement [*Purchaser Covenants Condition*] not to be satisfied;
- (ii) prior to obtaining the Required Shareholder Approval (A) the Board or the Special Committee withdraws, withholds, qualifies or modifies in a manner adverse to the Purchaser or the consummation of the Arrangement or the other transactions contemplated by the Arrangement Agreement the Board Recommendation, or fails to reaffirm, within five (5) Business Days (and in any case prior to the Meeting) after request by the Purchaser, its approval and recommendation of the Arrangement or the Arrangement Resolution (a "**Change in Recommendation**"), it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal for a period of more than five (5) Business Days after public announcement of an Acquisition Proposal (or beyond the date which is one day prior to the Meeting, if sooner) shall be considered an adverse modification, (B) the Board or the Special Committee approves or recommends any Acquisition Proposal, (C) the Board or the Special Committee approves, recommends or authorizes the Corporation to enter into a written agreement in respect

of an Acquisition Proposal (other than a confidentiality and standstill entered into in accordance with Section 6.3(a)(iv) [*Responding to Acquisition Proposals*]), or (D) the Corporation publicly announces the intention to do any of the foregoing;

- (iii) the condition regarding the Dissent Rights set forth in the Arrangement Agreement is not capable of being satisfied by the Outside Date; or
- (iv) since the date of the Arrangement Agreement, there has occurred a Material Adverse Effect and such Material Adverse Effect is incapable of being cured on or prior to the Outside Date.

If the Arrangement Agreement is terminated pursuant to the exercise by either party of its above-described termination rights, the Arrangement Agreement will become void and of no further force or effect without liability of any party (or any Security Holder or any Representative of such party) to any other party hereto, except as otherwise expressly contemplated in the Arrangement Agreement.

### **Termination Fees**

If a Corporation Termination Fee Event occurs, the Corporation will pay to the Purchaser Corporation Termination Fee; and if, and only if, prior to the occurrence of a Corporation Termination Fee Event, a Reverse Termination Fee Event occurs, the Purchaser will pay to the Corporation the Reverse Termination Fee.

A "**Corporation Termination Fee Event**" means the termination of the Arrangement Agreement:

- (a) by the Corporation, pursuant to subparagraph 7.2(c)(ii) of the Arrangement Agreement [*Superior Proposal*];
- (b) by the Purchaser, pursuant to Section 7.2(d)(ii) of the Arrangement Agreement [*Change in Recommendation*];
- (c) by the Purchaser, pursuant to Section 7.2(d)(i) of the Arrangement Agreement [*Breach by the Corporation*] in respect of a material breach by the Corporation under Article 6 of the Arrangement Agreement [*Covenants Related to Acquisition Proposals*];
- (d) by the Purchaser, pursuant to Section 7.2(d)(i) of the Arrangement Agreement [*Breach by the Corporation*] in respect of a wilful breach by the Corporation; or
- (e) by the Corporation or the Purchaser pursuant to Section 7.2(b)(i) [*No Required Shareholder Approval*] or Section 7.2(b)(ii) of the Arrangement Agreement [*Occurrence of Outside Date*] if:
  - (i) prior to the date of the Meeting, an Acquisition Proposal is made or publicly announced, or any Person publicly announces an intention to make an Acquisition Proposal; and
  - (ii) within nine months of such termination, the Corporation enters into a definitive agreement in respect of, or the Board approves and recommends, an Acquisition Proposal which is subsequently completed; provided that the term "Acquisition Proposal" has the meaning ascribed to

it in Section 1.1 of the Arrangement Agreement, except that references to "20%" will be deemed to be "50%".

A "**Reverse Termination Fee Event**" means the termination of the Arrangement Agreement.

- (a) by the Corporation pursuant to Section 7.2(c)(i) of the Arrangement [*Breach by the Purchaser*] in respect of a breach of Section 2.12 of the Arrangement Agreement [*Payments*];
- (b) by the Corporation or the Purchaser pursuant to Section 7.2(b)(iii) of the Arrangement Agreement [*Occurrence of Outside Date*] if, as of the time of termination the condition in Section 5.1(c) of the Arrangement Agreement concerning Regulatory Approvals is not satisfied (unless the failure of such condition to be satisfied has been caused by, or is a result of, a breach by the Corporation of any of its representations or warranties or the failure of the Corporation to perform any of its covenants or agreements under the Arrangement Agreement), and all of the other mutual conditions precedent and additional conditions precedent to the obligations of the Purchaser have been satisfied or waived by the Purchaser other than (A) the conditions in Section 5.1(d) of the Arrangement Agreement (only insofar as the Law is related to a Regulatory Approvals listed in Schedule E) and Section 5.1(e), and (B) those conditions that by their terms are to be satisfied at the Effective Time and that are capable of being satisfied; or
- (c) by the Corporation pursuant to Section 7.2(c)(i) of the Arrangement Agreement [*Breach by the Purchaser*] but solely to the extent that the breach underlying such termination was a wilful beach.

If a Corporation Termination Fee is payable, the Corporation Termination Fee will be paid (a) concurrent with termination of the Arrangement Agreement (if the fee is payable pursuant to paragraph (a) of the definition of "Corporation Termination Fee" above); (b) concurrent with completion of the Acquisition Proposal (if the fee is payable pursuant to paragraph (e) of the definition of "Corporation Termination Fee" above); or (c) in any other case, within three Business Days following the occurrence of the applicable Corporation Termination Fee Event. If a Reverse Termination Fee is payable, the Reverse Termination Fee will be paid within three Business Days following such Reverse Termination Fee Event.

Subject to the parties' rights to injunctive and other non-monetary equitable relief or specific performance in accordance with Section 8.9 of the Arrangement Agreement [*Injunctive Relief*] to prevent breaches or threatened breaches of the Arrangement Agreement and to enforce compliance with the terms of the Arrangement Agreement, each party has expressly acknowledged and agreed that, upon any termination of the Arrangement Agreement under circumstances where it is entitled to the Corporation Termination Fee or the Reverse Termination Fee and such Corporation Termination Fee or Reverse Termination Fee, as applicable, is paid in full, the payment of such amount shall be the sole and exclusive remedy for any and all losses or damages suffered by the applicable party or any of their Affiliates or Representatives in connection with the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement (and the termination thereof) and the Arrangement (and the abandonment thereof) or any matter forming the basis for such termination.

The parties have agreed pursuant to the terms and conditions of the Arrangement Agreement under no circumstances shall the (i) Corporation, directly or indirectly, be permitted or entitled to receive both a grant of specific performance to enforce the Purchaser's obligation to consummate

the Arrangement and payment of the Reverse Termination Fee, or (ii) Purchaser, directly or indirectly, be permitted or entitled to receive both a grant of specific performance to enforce the Corporation's obligation to consummate the Arrangement and payment of the Corporation Termination Fee.

The parties have further agreed pursuant to the terms and conditions of the Arrangement Agreement that the maximum liability of: (i) the Purchaser, PBHC and FNC for any losses, damages, costs or expenses of the Corporation or its Affiliates relating to the failure of the Arrangement to be consummated, or a breach of the Arrangement Agreement by the Purchaser or otherwise, shall be limited to an amount equal to the Reverse Termination Fee, and in no event shall the Corporation or any of its Affiliates seek any additional amount in connection with the Arrangement Agreement or the Arrangement or in respect of any other document or theory of law or equity or in respect of any oral representations made or alleged to be made in connection herewith or therewith, whether at law or in equity, in contract, tort or otherwise; and (ii) the Corporation for any losses, damages, costs or expenses of the Purchaser or its Affiliates relating to the failure of the Arrangement to be consummated, or a breach of the Arrangement Agreement by the Corporation or otherwise, shall be limited to an amount equal to the Corporation Termination Fee, and in no event shall the Purchaser or any of its Affiliates seek any additional amount in connection with the Arrangement Agreement or the Arrangement or in respect of any other document or theory of law or equity or in respect of any oral representations made or alleged to be made in connection herewith or therewith, whether at law or in equity, in contract, tort or otherwise.

### **Expenses**

Except as expressly otherwise provided in the Arrangement Agreement, all out-of-pocket third party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of the Corporation incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, shall be paid by the party incurring such expenses, whether or not the Arrangement is consummated.

### **Amendments**

The Corporation and the Purchaser will each consider in good faith any amendments to the Plan of Arrangement reasonably requested by the other party from time to time prior to the Effective Date, provided that no such amendment (i) is inconsistent with the Interim Order, the Final Order or the Arrangement Agreement, (ii) is prejudicial Securityholders or (iii) creates a reasonable risk of delaying, impairing or impeding in any material respect the receipt of the Regulatory Approvals or the satisfaction of any other conditions set forth in Article 5 of the Arrangement Agreement [*Conditions*].

The Arrangement Agreement and the Plan of Arrangement may, at any time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the parties, and any such amendment may, subject to the Interim Order and Final Order and Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;

- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

### **Guarantee of Reverse Termination Fee and Other Obligations**

Pursuant to the terms of the Arrangement Agreement, each of PBHC and Membertou First Nation has entered into an unlimited guarantee (the "**Guarantee**") with the Corporation to secure the Purchaser's obligations to (a) pay to the Corporation the Reverse Termination Fee, if required; (b) in the event that the Arrangement is not consummated (i) pay all reasonable out-of-pocket costs and expenses incurred by the Corporation and its Subsidiaries in connection with any proposed Pre-Arrangement Reorganization or Debt Financing, and (ii) indemnify the Corporation, any of its Subsidiaries and their Shareholders for all direct and indirect liabilities, losses, Taxes, damages, claims, costs, expenses, interest awards, judgements and penalties suffered or incurred by any of them in connection with or as a result of any proposed or completed (partially or in part) Pre-Arrangement Reorganization or Debt Financing (other than those costs and expenses reimbursed in accordance with the foregoing paragraph (i)) and (c) indemnify and save harmless the Corporation and its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Corporation or its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from, any misrepresentation contained in any written information included in this Circular that was provided in writing by or on behalf of the Purchaser or its Representatives for inclusion in this Circular concerning the Purchaser (including in respect of any agreements, commitments or understandings between any of them not involving the Corporation or any of its Subsidiaries), including as a result of any order made, or any inquiry, investigation or proceeding instituted by any Regulatory Authority based on such a misrepresentation.

The Corporation agreed, except for rights to recover under the Guarantee, the Corporation has no right of recovery or other recourse for a termination event giving rise to the Reverse Termination Fee (including specific performance, injunction or other equitable relief) against PBHC and its Affiliates or FNC and its Affiliates.

### **DISSENT RIGHTS OF SHAREHOLDERS**

Registered Shareholders are entitled to exercise the rights of dissent pursuant to and in the manner set forth in section 190 of the CBCA ("**Dissent Rights**"). If a Registered Shareholder duly exercises his, her or its Dissent Rights and the Arrangement is completed, the Shares of such Registered Shareholder (a "**Dissenting Holder**") will be deemed to have been transferred to the Purchaser in consideration of the payment of the fair value of such Shares as of the close of business on the day before the Final Order becomes effective. This amount may be the same as, more than or less than the Consideration offered under the Arrangement.

The following description of the rights of Dissenting Holders is not a comprehensive statement of the procedures to be followed by a Dissenting Holder who seeks payment of the fair value of the Shares in respect of which the Dissenting Holder dissents and is qualified in its entirety by the reference to the full text of section 190 of the CBCA, a copy of which is attached as Appendix F. **A Shareholder who intends to exercise Dissent Rights should carefully consider and strictly comply with the provisions of section 190 of the CBCA. Failure to strictly comply with the provisions of that section and to adhere to the procedures established therein may result in the loss of all rights thereunder. Shareholders wishing to avail themselves**

**of their rights under those provisions should seek their own legal advice, as failure to comply strictly with them may prejudice their right of dissent.**

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Under the Interim Order, a Registered Shareholder who fully complies with the dissent procedures in section 190 of the CBCA is entitled, when the Arrangement becomes effective, in addition to any other rights it may have, to dissent and to be paid the fair value of the Shares held by it in respect of which it dissents, determined as of the close of business on the day before the date on which the Arrangement Resolution was adopted. The Final Order is anticipated to become effective on Friday, January 8, 2021. A Registered Shareholder may dissent only with respect to all of the Shares held by him or on behalf of any one beneficial owner and registered in the Dissenting Holder's name. Shareholders who voted (or who instructed a proxyholder to vote) in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights. **Persons who are beneficial owners of Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered holder of such Shares is entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise his, her or its right of dissent must make arrangements for the Shares beneficially owned by such owner to be registered in his, her or its name prior to the time the written objection to the Arrangement Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Shares to dissent on their behalf.**

Pursuant to the Plan of Arrangement, each Dissenting Holder who is:

- (a) ultimately entitled to be paid fair value for such holder's Shares, which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting, shall be deemed to have transferred such holder's Shares to the Purchaser as of the Effective Time as set out in Section 2.3 of the Plan of Arrangement, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such Dissenting Holder not exercised Dissent Rights in respect of such Shares; or
- (b) ultimately not entitled, for any reason, to be paid such fair value for such Shares, shall be deemed to have participated in the Arrangement with respect to such Shares, as of the Effective Time, on the same basis as a holder of Shares to which Section 2.3 of the Plan of Arrangement applies.

**A Dissenting Holder must send to the Corporation a written objection to the Arrangement Resolution in accordance with the Dissent Rights ("Dissent Notice"), which written objection must be received by the Corporation c/o its counsel Stewart McKelvey Attention: Colleen P. Keyes, by the Meeting.**

The Corporation is required within ten (10) days after the Shareholders adopt the Arrangement Resolution to notify each Dissenting Holder that the Arrangement Resolution has been adopted. Such notice is not required to be sent to any Shareholder who voted in favour of the Arrangement Resolution, or who has withdrawn his, her or its Dissent Notice.

A Dissenting Holder who has not withdrawn his Dissent Notice prior to the Meeting must, within twenty (20) days after receipt of notice that the Arrangement Resolution has been adopted, or if

the Dissenting Holder does not receive such notice, within twenty (20) days after learning that the Arrangement Resolution has been adopted, send to the Corporation a written notice containing the Shareholder's name and address, the number of Shares in respect of which the Shareholder dissents ("**Dissenting Shares**"), and a demand for payment of the fair value of such Shares (collectively, the "**Demand for Payment**"). Within thirty (30) days after sending the Demand for Payment, the Dissenting Holder must send to the Corporation or the Transfer Agent the certificates representing the Dissenting Shares. The Corporation or the Transfer Agent will endorse on share certificates received from a Dissenting Holder a notice that the holder is a Dissenting Holder and will forthwith return the share certificates to the Dissenting Holder. A Dissenting Holder who fails to send certificates representing Dissenting Shares in the time required, has no right to make a claim under section 190 of the CBCA.

Under section 190 of the CBCA after sending a Demand for Payment, a Dissenting Holder ceases to have any right as a Shareholder in respect of its Dissenting Shares other than the right to be paid the fair value of the Dissenting Shares as determined pursuant to the Interim Order, unless: (i) the Dissenting Holder withdraws its Demand for Payment before the Purchaser makes an Offer to Pay (as defined below); or (ii) the Purchaser fails to make an Offer to Pay in accordance with subsection 190(12) of the CBCA and the Dissenting Holder withdraws the Demand for Payment, in which case the Dissenting Holder's rights as a Shareholder will be reinstated as of the date the Demand for Payment was sent.

Pursuant to the Plan of Arrangement, in no circumstances shall the Corporation, the Purchaser or any other person be required to recognize a Dissenting Holder as the holder of any Share in respect of which Dissent Rights have been validly exercised at and after the Effective Time, and the names of such Dissenting Holders shall be removed from the registers of Shares maintained by or on behalf of the Corporation at the Effective Time.

The Purchaser is required, not later than seven (7) days after the later of the Effective Date and the date on which a Demand for Payment is received from a Dissenting Holder, to send to each Dissenting Holder who has sent a Demand for Payment a written offer to pay for its Dissenting Shares ("**Offer to Pay**") in an amount considered to be the fair value of the Shares by the directors of the Purchaser, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay for Shares must be on the same terms. Payment for Dissenting Shares must be made within ten (10) days after an Offer to Pay has been accepted by a Dissenting Holder, but such offer lapses if the Purchaser does not receive such an acceptance within thirty (30) days after the Offer to Pay has been made.

If the Purchaser fails to make an Offer to Pay for Dissenting Shares, or if a Dissenting Holder fails to accept an Offer to Pay that has been made, the Purchaser may, within fifty (50) days after the Effective Date or within such further period as a court may allow, apply to a court to fix a fair value for the Dissenting Shares. If the Purchaser fails to apply to a court as described above, a Dissenting Holder may apply to a court for the same purpose within a further twenty (20) days or within such further period as a court may allow. A Dissenting Holder is not required to give security for costs in such an application or an application made by the Purchaser as described above. Any such application must be made to a court in Nova Scotia, being the province where the Corporation has its registered office or a court having jurisdiction in the place where the Dissenting Holder resides if the Corporation carries on business in that province.

Before making any application to a court as described above, the Purchaser will be required to notify each affected Dissenting Holder of the date, place and consequences of the application and of a Dissenting Holder's right to appear and be heard in person or by counsel. Upon any such application to a court, all Dissenting Holders whose Shares have not been purchased will

be joined as parties and be bound by the decision of the court. In addition, upon any such application to a court, the court may determine whether any other person is a Dissenting Holder who should be joined as a party, and the court will then fix a fair value for the Dissenting Shares of all Dissenting Holders. The final order of a court will be rendered in favour of each Dissenting Holder for the amount of the fair value of its Dissenting Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Holder from the Effective Date until the date of payment.

Any Shareholder who is considering dissenting to the Arrangement should consult his, her or its own tax advisor with respect to the income tax consequences to them of such action. For a general summary of certain income tax implications to a Dissenting Holder, see "*Certain Canadian Federal Income Tax Considerations – Dissenting Holders*".

**It is important that Registered Shareholders who wish to dissent comply strictly with the dissent procedures described in this Circular, the Plan of Arrangement and the Interim Order, which are different from the statutory dissent procedures of the CBCA.**

## INFORMATION PERTAINING TO THE CORPORATION

### General

The Corporation was incorporated on July 7, 2011 under the name "Clearwater Seafoods Incorporated" pursuant to the CBCA to facilitate the reorganization of Clearwater Seafoods Income Fund (the "**Fund**") from an income trust structure to a corporate structure pursuant to a plan of arrangement under the CBCA (the "**Fund Conversion**"). The Fund Conversion was effective on October 2, 2011 resulting with the Corporation as the successor to the Fund. The Corporation's investments include the ownership of 100% of the limited partnership units of Clearwater Seafoods Limited Partnership ("**CSLP**") and 100% of the common shares of CS ManPar Inc. ("**CS ManPar**"), the general partner of CSLP. The Corporation's business, carried on through CSLP, includes the ownership, operation and lease of assets and property in connection with the harvesting, processing, distribution and marketing of seafood.

The Corporation carries on the business of, and the ownership, operation and lease of assets and property in connection with, harvesting, processing, distribution and marketing of seafood. The Corporation is recognized for its consistent quality, wide diversity and reliable delivery of premium seafood including scallops, clams, lobster, coldwater shrimp, langoustines, whelk, crab and groundfish. The Corporation harvested, processed and sold approximately 99 million pounds of seafood in 2019. Its operations consist primarily of:

- harvesting premium shellfish in the fisheries off the coasts of Atlantic Canada, Argentina and the United Kingdom;
- processing shellfish on board state-of-the-art factory vessels or in modern shore-based processing plants in Atlantic Canada and the United Kingdom; and
- marketing and distributing premium shellfish to customers in the Americas, Europe and Asia.

The Corporation's business was established in 1976. Since then, it has been a pioneer and innovator in developing new fisheries, acquiring and forming strategic alliances to build a profitable international seafood enterprise. In addition, the Corporation's investments in its operations and focus on innovation have allowed it to develop an efficient infrastructure focused on the long-term health and responsible harvesting of the oceans.

The Corporation currently has operations in Canada, America, Europe, the United Kingdom, Asia and Argentina, directly employing approximately 1,845 people worldwide as of December 31, 2019. It currently operates nine factory vessels ranging in size up to 240 feet, plus thirteen other non-factory vessels. The Corporation's factory vessels are able to harvest, process and freeze product while at sea, which results in higher quality and, as a result, higher prices for its seafood compared to seafood that is processed and frozen on land. The Corporation owns and operates nine modern shore-based processing plants and has subcontracting processing arrangements in Europe, China and the United States enabling the Corporation to effectively service its international customer base.

### **Description of Share Capital**

The authorized capital of the Corporation consists of an unlimited number of common shares. Holders of Shares are entitled to one (1) vote per share at meetings of shareholders of the Corporation, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over Shares, if any. As of the Record Date, there were 65,148,148 Shares, issued and outstanding.

In order to harvest any species of seafood in the Atlantic offshore fisheries, the Corporation must be Canadian controlled. The significant shareholders of the Corporation, all of whom are Canadian residents or Canadian controlled, beneficially own a majority of the outstanding Shares. The Corporation reviews the level of Canadian ownership of Shares by monitoring changes in the holdings of these significant shareholders through insider reports filed with securities regulators and internal reporting by directors of the Corporation who control these significant shareholdings.

### **Trading in Shares**

The Shares are listed and posted for trading on the TSX under the symbol "CLR". The following table sets forth the high and low trading prices and the trading volumes for the outstanding Shares for the periods indicated.

Month	High	Low	Volume
November 2019	\$5.75	\$4.68	3,268,149
December 2019	\$5.89	\$5.45	659,452
January 2020	\$5.85	\$5.41	441,338
February 2020	\$5.49	\$4.50	713,438
March 2020	\$5.89	\$3.83	2,134,839
April 2020	\$5.25	\$4.66	326,199
May 2020	\$5.34	\$4.75	365,921
June 2020	\$5.34	\$4.85	380,146
July 2020	\$6.05	\$5.11	539,235
August 2020	\$6.41	\$5.25	806,988
September 2020	\$6.10	\$5.81	568,780
October 2020	\$7.55	\$6.00	1,429,114

November 2020	\$8.20	\$6.41	7,507,719
December 1 – 3, 2020	\$8.19	\$8.16	493,018

Source: Reuters

A transaction price of \$8.25 per Share represents, approximately, a 15% premium to the closing price of the Shares on the TSX on November 6, 2020, the last trading day prior to the announcement of the Arrangement, and a 60.2% premium to the Corporation's average daily volume-weighted average price of the Shares for the 20 day period preceding the strategic review announcement on March 5, 2020.

### Ownership of Shares

To the knowledge of the Corporation's directors and executive officers, the following list includes the names of the only persons who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying 10% or more of the voting rights attached to all Shares entitled to vote at the Meeting:

Person	Shares	Percentage of Votes
Colin MacDonald <sup>1</sup>	15,255,094	23.42%
John Risley <sup>2</sup>	13,961,975	21.43%
Mickey MacDonald <sup>3</sup>	11,731,762	18.01%

Notes:

1. Colin MacDonald controls 1,286,662 Shares held by Colinco Holdings Limited and 13,968,432 Shares registered to HanMac Seafood Holdings Ltd., companies controlled by him.
2. John Risley controls 13,961,975 Shares held by CVI Seafood Holdings Limited, a company controlled by him.
3. Mickey MacDonald controls 5,623,601 Shares held by 3341585 Nova Scotia Limited, 5,751,821 Shares held by CJR Investments Inc. and 337,003 Shares held by 3321998 NS Ltd., companies controlled by him, and beneficially owns 19,337 Shares directly.

### Commitments to Acquire Shares

None of the Corporation or its directors and executive officers or, to the knowledge of the directors and executive officers of the Corporation, any of their respective associates or affiliates, any other insiders of the Corporation or their respective associates or affiliates or any person acting jointly or in concert with the Corporation has made any agreement, commitment or understanding to acquire securities of the Corporation.

### Benefits from the Arrangement

Except as otherwise described in this Circular and set out below, none of the Corporation or its directors and executive officers or, to the knowledge of the directors and executive officers of the Corporation, any of their respective associates or affiliates, any other insiders of the Corporation, or their respective associates or affiliates or any person acting jointly or in concert with the Corporation will receive any direct or indirect benefits from the Arrangement.

All of the directors of the Corporation hold DSUs, certain of the directors hold DPSUs and all of the senior officers of the Corporation hold PSUs. As a result of the change of control arising from the Arrangement, the vesting of the PSUs and the DPSUs will accelerate, in accordance with the terms of the LTIP and the DPSU Plan and the Arrangement Agreement, respectively, and, pursuant to the Arrangement, all holders of PSUs, DSUs and DPSUs, as applicable, will be

entitled to receive the Compensation Plan Benefits. See "*The Arrangement – Treatment of DPSUs, DSUs, PSUs and RSUs*".

In addition, if the Arrangement is completed, certain senior officers of the Corporation will be entitled to COC Benefits. See "*The Arrangement – Interests of Certain Persons in Matters to be Acted Upon - Termination and Change of Control Benefits*".

### **Previous Purchases and Sales by the Corporation**

Except for the Shares issued under the DRIP and under the DPSU Plan, DSU Plan and the LTIP as disclosed under "*Previous Distributions*" below, no Shares of the Corporation have been purchased or sold by the Corporation during the 12-month period prior to the date hereof.

### **Previous Distributions**

Except as disclosed below, no Shares were distributed during the five-year period preceding the date of this Circular.

On June 21, 2016, the Corporation completed the issuance to the public, on a "bought deal" basis, of an aggregate of 2,518,000 Shares from the treasury of the Corporation, and concurrently completed a non-brokered private placement of 1,080,000 Shares. An additional 377,700 Shares were issued on June 27, 2016 upon exercise of the underwriters' over-allotment option. The Shares were offered at a price of \$13.90 per Share, for gross proceeds to the Corporation of approximately \$55.3 million. The syndicate of investment dealers was led by Cormark Securities Inc. and included Beacon Securities Limited and Scotiabank.

The following Shares have been issued under the DRIP during the five-year period preceding the date of this Circular:

<b>Date</b>	<b>Number of Shares</b>	<b>Price per Share</b>
April 2, 2018	105,279	\$4.49261
June 1, 2018	283,858	\$4.77283
September 4, 2018	255,096	\$5.4608
December 3, 2018	241,877	\$5.7091
April 1, 2019	165,729	\$5.0028
June 6, 2019	16,768	\$4.9399
September 3, 2019	14,798	\$5.5023
December 2, 2019	19,539	\$5.2130
April 1, 2020	19,895	\$4.7836

In addition, the Corporation issued Shares upon settlement of DPSUs, PSUs and DSUs. In the year ended December 31, 2018, an aggregate of 21,185 Shares were issued upon settlement of DPSUs and PSUs. In the year ended December 31, 2019, an aggregate of 69,426 Shares were issued upon settlement of DPSUs, PSUs and DSUs.

## **Dividend Policy**

In each of the financial years ended December 31, 2019, 2018 and 2017, the Corporation declared a dividend payable in quarterly installments of \$0.05 per Share. In 2020, the Corporation approved and declared a dividend of \$0.05 per Share payable on April 1, 2020.

Central to the Board's decision to announce a dividend was their confidence in the future and their belief that it could be set at a level that is not only sustainable but that provides some opportunity for growth. In making the determination of dividend levels, the Board gave consideration to a number of key principles including the expected future earnings and the amount of free cash flows that should be retained to reinvest in the business, the assurance that all obligations can be met with respect to existing loan agreements and the desire to provide room for the dividend to increase in the future as the business continues to grow and expand.

Decisions to make changes to the dividends on the Shares in the future will be made by the Board on the basis of a review of the above factors, as well as the Corporation's earnings, financial requirements, restrictions under credit facilities, the requirements of the CBCA for the declaration of dividends and other conditions existing at such time.

In 2018, the Board approved a DRIP to provide shareholders of the Corporation who are resident in Canada with the option to have the cash dividends declared on the Shares reinvested automatically back into additional shares, without brokerage commissions or service charges. The DRIP program was effective for the payment of the fourth quarter 2017 dividend on April 2, 2018.

On Friday, May 15, 2020, the Corporation announced that it had suspended dividends and its DRIP for the balance of 2020 given the uncertainty related to the duration and impact of the COVID-19 Pandemic.

## **Expenses of the Corporation**

The aggregate fees and expenses expected to be incurred by the Corporation in connection with the Arrangement are estimated to be approximately \$10.2 million, including legal, financial advisory, accounting, filing and printing costs, the costs of preparing and mailing this Circular and fees in respect of the Fairness Opinion.

## **Interest of Informed Persons in Material Transactions**

Except as otherwise described elsewhere in this Circular, to the knowledge of the Corporation, no director or executive officer of the Corporation or a person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the Shares, or an associate or affiliate thereof, had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its Subsidiaries.

## **Material Change in the Affairs of the Corporation**

Except as described in this Circular, the directors and executive officers of the Corporation are not aware of any plans or proposals for material changes in the affairs of the Corporation.

## **Other Information**

There is no information not disclosed in this Circular but known to the Corporation that would be reasonably expected to affect the decision of Shareholders to vote for or against the Arrangement Resolution.

## **Auditors**

KPMG LLP are the auditors of the Corporation and are independent of the Corporation within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Nova Scotia.

## **Transfer Agent**

The transfer agent and registrar of the Corporation is Computershare Investor Services Inc. at its offices in Montreal, Quebec and Toronto, Ontario.

## **INFORMATION REGARDING THE PURCHASER, PBHC AND FNC**

The Purchaser is corporation formed under the federal laws of Canada. The Purchaser was formed for the purpose of consummating the transactions contemplated by the Arrangement Agreement and is, directly or indirectly, wholly-owned by PBHC and FNC.

PBHC is a corporation existing under the CBCA, with its head and principal offices located at 100 - 10991 Shellbridge Way, Richmond, B.C. V6X 3C6. The registered office of PBHC is located at 2900 Manulife Place, 10180 101st Street, Edmonton, AB T5J 3V5. The common shares, the 4.60% convertible unsecured subordinated debentures maturing December 31, 2023, the 4.65% convertible unsecured subordinated debentures maturing April 30, 2025, and the 4.20% convertible unsecured subordinated debentures maturing September 30, 2027 each of PBHC, are listed on the TSX under the symbols "PBH", "PBH.DB.F", "PBH.DB.G" and "PBH.DB.H", respectively. PBHC owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations across Canada, the United States and Italy.

FNC is a limited partnership formed under the Laws of the province of Nova Scotia. The General Partner is a corporation incorporated under the Laws of the province of Nova Scotia. The registered office of FNC is located at 111 Membertou St., Membertou, NS B1S 2M9. FNC was formed in connection with the Arrangement and is wholly-owned by First Nation Fisheries Interest Group, a registered Nova Scotia partnership.

## **RISK FACTORS**

The following risk factors should be carefully considered by Shareholders in evaluating the approval of the Arrangement Resolution.

### **Risks Relating to the Arrangement**

#### ***Conditions Precedent and Required Approvals***

There can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Failure to complete the Arrangement could, among other things, materially negatively impact the trading price of the Shares.

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the Corporation's control, including receipt of the Final Order. At the hearing on the Final Order, the Court will consider whether to approve the Arrangement based on the applicable legal requirements and the evidence before the Court. Other conditions precedent which are outside of the Corporation's control include, without limitation, the receipt of the Required Shareholder Approval, holders of no more than 5.0% of the issued and outstanding Shares having exercised Dissent Rights and the receipt of the Regulatory Approval set forth in Schedule E of the Arrangement Agreement. There can be no certainty, nor can the Corporation provide any

assurance, that all conditions precedent to the Arrangement will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived.

### ***Termination in Certain Circumstances***

Each of the Corporation and the Purchaser has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Arrangement Agreement. Accordingly, there can be no certainty, nor can the Corporation provide any assurance, that the Arrangement Agreement will not be terminated by either the Corporation or the Purchaser prior to the completion of the Arrangement. The Corporation's business, financial condition or results of operations could also be subject to various material adverse consequences, including that the Corporation would remain liable for significant costs relating to the Arrangement including, among others, legal, accounting and printing expenses. If the Arrangement Agreement is terminated and the Board decides to seek another similar transaction, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the Consideration to be paid by the Purchaser pursuant to the Arrangement.

### ***Corporation Termination Fee***

Under the Arrangement Agreement, the Corporation is required to pay to the Purchaser the Corporation Termination Fee in the event the Arrangement Agreement is terminated in certain circumstances in accordance with the termination and termination fee provisions of the Arrangement Agreement. The Corporation Termination Fee may discourage other parties from attempting to acquire the Corporation, even if those parties would otherwise be willing to offer greater value than that offered under the Arrangement. See "*The Arrangement Agreement – Termination Fees*".

### ***Non-Solicitation Obligations and Right to Match***

Under the Arrangement Agreement the Corporation is subject to certain non-solicitation obligations, and as a condition to entering into an agreement in respect of a Superior Proposal, the Corporation is required to offer the Purchaser the right to match. These non-solicitation provisions and the Purchaser's right to match may discourage other parties from making a Superior Proposal, even if they would otherwise have been willing to acquire the Corporation on more favourable terms than the Arrangement. See "*The Arrangement Agreement – Acquisition Proposals*".

### ***Interim Period Covenants***

Under the Arrangement Agreement, the Corporation agreed that, among other things, during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time the Arrangement Agreement is terminated in accordance with its terms, it would conduct its business in the Ordinary Course and would comply with all applicable COVID-19 Measures and would use its commercially reasonable efforts to preserve intact its current business organization, goodwill, assets and properties, including those of its Subsidiaries, Investees and Joint Ventures. The Arrangement Agreement also restricts the Corporation from taking certain specified actions without the consent of the Purchaser during the interim period until the Arrangement is completed. Such restrictions may prevent the Corporation from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement. See "*The Arrangement Agreement – Covenants – Conduct of Business of the Corporation*".

### ***Occurrence of a Material Adverse Effect***

The completion of the Arrangement is subject to the condition that, among other things, at the time of closing, no Material Adverse Effect shall have occurred since the date of the Arrangement Agreement and be continuing. Although a Material Adverse Effect excludes certain events, including events in some cases that are beyond the control of the Corporation, there can be no assurance that a Material Adverse Effect will not occur prior to the Effective Time. If such a Material Adverse Effect occurs and the Purchaser does not waive same, the Arrangement would not proceed. See "*The Arrangement Agreement – Conditions to Closing*".

### ***Uncertainty Surrounding the Arrangement***

As the Arrangement is dependent upon satisfaction of a number of conditions precedent, its completion is uncertain. In response to this uncertainty, the attention of the Corporation's management could be diverted from the day-to-day operations of the business and clients, employees, customers, suppliers or partners may delay or defer decisions concerning the Corporation or may seek to modify or terminate their business relationship with the Corporation. Any delay or deferral of those decisions or modification or termination of business relationships by clients, employees, customers, suppliers or partners could adversely affect the business and operations of the Corporation, regardless of whether the Arrangement is ultimately completed. Similarly, uncertainty may adversely affect the Corporation's ability to attract or retain key personnel. In the event the Arrangement Agreement is terminated, the Corporation's relationships with clients, employees, customers, suppliers or partners and other stakeholders may be adversely affected. Changes in such relationships could adversely affect the business and operations of the Corporation.

### ***The Financing May Not be Available***

Although the Arrangement Agreement does not contain a financing condition, there is a risk that the Debt Financing and Proposed Offering may cease to be available and replacement financing may not be available on terms that are acceptable to the Purchaser, PBHC or FNC or at all. Since the Purchaser is a special purpose entity with limited assets, if Debt Financing and/or the Proposed Offering cease to be available and replacement financing is not available on terms that are acceptable to the Purchaser, PBHC or FNC or at all, the Corporation expects that the Purchaser may be unable to fund the Consideration required to complete the Arrangement. If the Corporation terminates the Arrangement Agreement due to the failure of the Purchaser to fund the Consideration, the Purchaser will be obligated to pay the Reverse Termination Fee of \$26,000,000 and the Arrangement will not proceed. The payment of the Reverse Termination Fee has been guaranteed by PBHC and Membertou First Nation pursuant to the provisions of the Guarantee. See "*The Arrangement Agreement – Termination Fees*" for more information on the Reverse Termination Fee.

### ***Fees, Costs and Expenses of the Arrangement not Recoverable***

Subject to certain exceptions provided for in the Arrangement Agreement, if the Arrangement is not completed, the Corporation will not receive any reimbursement for most or all of the fees, costs and expenses incurred in connection with the Arrangement. Such fees, costs and expenses include, without limitation, legal fees, financial advisor fees, depositary fees and printing and mailing costs, which will be payable whether or not the Arrangement is completed and may cause harm to the financial condition of the Corporation.

### **Market Price of the Shares**

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of the Shares may be materially adversely affected. See "*Information Regarding the Corporation – Trading in Shares*".

### **No Continued Benefit of Share Ownership**

The Arrangement will result in the Corporation no longer existing as a publicly-traded Canadian company and as such, Shareholders will be unable to directly participate in the longer term potential benefits of the business of the Corporation, including any benefits that may result from any improvement in the Corporation's financial results. Accordingly, Shareholders will not benefit from any appreciation in the value of, or dividends on, their Shares after the completion of the Arrangement.

### **Directors and senior officers of the Corporation may have interests in the Arrangement that are different from those of Shareholders**

In considering the recommendation of the Board to vote **FOR** the Arrangement Resolution, Shareholders should be aware that directors and officers of the Corporation have interests in connection with the Arrangement as described herein that may be in addition to, or separate from, those of Shareholders generally in connection with the Arrangement. See "*Interests of Certain Persons in Matters to be Acted Upon*".

### **Income Tax Consequences**

The Arrangement Agreement results in certain income tax consequences to the Shareholders. See "*Certain Canadian Federal Income Tax Considerations*".

### **Risks Relating to the Corporation**

If the Arrangement is not completed, the Corporation will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in the "Risk Factors" section of the Corporation's Annual Information Form dated March 3, 2020 and in the "Risks and Uncertainties" section of the Corporation's Management's Discussion and Analysis for the year ended December 31, 2019 and for the thirteen (13) and thirty-nine (39) weeks ended October 3, 2020, each of which is available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and which sections are incorporated by reference herein. A copy of such documents will be sent to any Shareholder without charge upon written request to the Corporation's head office at 757 Bedford Highway, Bedford, Nova Scotia B4A 3Z7, Attention: Telaina Kelly, Vice President, Legal & Corporate Secretary.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following summary describes the principal Canadian federal income tax considerations in respect of the Arrangement generally applicable to a Beneficial Shareholder who, for purposes of the Tax Act, and at all relevant times, is resident or deemed to be resident in Canada, deals at arm's length with each of the Corporation and the Purchaser and is not affiliated with the Corporation or the Purchaser, holds its Shares as capital property, and disposes of such Shares under the Arrangement (a "**Holder**"). Shares will generally be considered to be capital property to a Holder unless the Holder holds such Shares in the course of carrying on a business or the Holder acquired such Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian Holders whose Shares might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in

accordance with subsection 39(4) of the Tax Act to have the Shares (and all other "Canadian securities" as defined in the Tax Act) owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors if they contemplate making such an election.

This summary is based on the current provisions of the Tax Act and the administrative policies and assessing practices of the CRA made publicly available in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in Law or administrative practice or assessing policies, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is not applicable to: (a) a Holder that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) a Holder an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) a Holder whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; (d) a Holder that has entered or will enter into a "derivative forward agreement", as defined in the Tax Act, with respect to the Shares; or (e) a Holder that acquired Shares pursuant to any equity-based employment compensation plan.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Shareholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Shares under the Arrangement, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax Laws.

### **Disposition of Shares under the Arrangement**

Generally, a Holder who disposes of Shares under the Arrangement will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition to the Holder exceed (or are less than) the aggregate of the adjusted cost base to the Holder of such Shares and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Certain Canadian Income Tax Considerations - Capital Gains and Capital Losses*".

### **Dissenting Holders**

A Dissenting Holder will be deemed to have transferred such Dissenting Holder's Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Dissenting Holder's Shares.

A Dissenting Holder who exercises the right of dissent in respect of the Arrangement and is entitled to be paid the fair value of their Shares by the Purchaser will realize a capital gain (or capital loss) to the extent that such payment (other than any portion thereof that is interest awarded by a court) exceeds (or is less than) the aggregate of the adjusted cost base of the Shares to the Dissenting Holder and reasonable costs of the disposition. See "*Certain Canadian*

*Income Tax Considerations - Capital Gains and Capital Losses*". A Dissenting Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Holders who intend to dissent from the Arrangement are urged to consult their own tax advisors.

### **Capital Gains and Capital Losses**

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act.

In the case of a Holder that is a corporation, trust or partnership, the amount of any capital loss otherwise resulting from the disposition of Shares may be reduced by the amount of dividends previously received or deemed to be received to the extent and under the circumstances prescribed in the Tax Act. Similar rules apply where the Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Holders should consult their own tax advisors in this regard.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

### **Additional Refundable Tax**

A Holder, including a Dissenting Holder, that is throughout the year a "Canadian-controlled private corporation" as defined in the Tax Act, may be liable to pay an additional refundable tax on its "aggregate investment income" as defined in the Tax Act, including amounts in respect of taxable capital gains and interest.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

In considering the recommendation of the Board with respect to the Arrangement, Shareholders should be aware that certain members of the Board and the Corporation's management have interests in connection with the transactions contemplated by the Arrangement that may create actual or potential conflicts of interest in connection with the Arrangement.

As of the Record Date, the directors and senior officers of the Corporation and their associates and affiliates, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate 41,634,542 Shares, representing 63.91% of the issued and outstanding Shares on a non-diluted basis, and 33,381 DPSUs, 579,979 DSUs and 771,872 PSUs. No RSUs are currently held or will be held as of the Effective Date. See "*Information Pertaining to the Corporation – Ownership of Shares*" for information regarding the ownership of Shares by certain directors and senior officers of the Corporation. All Shares held by the directors and officers of the Corporation will be treated in the same fashion under the Arrangement as Shares held by every other Shareholder. The DPSUs, DSUs, PSUs, and RSUs will be affected by the Arrangement as described under the heading "*The Arrangement – Treatment of DPSUs, DSUs, PSUs and RSUs*".

The table below sets out Shares, DPSUs, DSUs, PSUs and RSUs beneficially owned, directly or indirectly, or over which control or direction was exercised (and the percentage they represent of the outstanding Shares, DPSUs, DSUs, PSUs and RSUs, as the case may be) by the directors and senior officers of the Corporation, or their respective associates or affiliates, as of the Record Date (and, in the case of DPSUs and PSUs, the number of DPSUs and PSUs that will vest as of immediately prior to the Effective Time in accordance with the DPSU Plan, the LTIP and the Arrangement Agreement), and the estimated consideration to be received in respect of Shares, DPSUs, DSUs, PSUs and RSUs as a result of the Arrangement (based on Consideration of \$8.25 per Share, DPSU, DSU, PSU and RSU).

The exact number of DSUs beneficially owned, directly or indirectly, or over which control or direction will be exercised (and the percentage they represent of the DSUs) by the directors of the Corporation, or their respective associates or affiliates immediately prior to the Effective Time will be determinable on or before January 15, 2021 once additional DSUs are issued to settle directors' fees earned on or before December 31, 2020. As such, the following table sets out estimated values, as of the record date, in relation to the DSUs issued and the consideration payable therefore:

	Securities Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised					Estimated Consideration to be received in respect of the Shares, DPSUs, DSUs, PSUs and RSUs as a result of the Arrangement					
	Shares	DPSUs	DSUs	PSUs	RSUs	Shares	DPSUs	DSUs	PSUs	RSUs	Total
Jane Craighead	30,721	6,859	83,374	-	-	\$ 253,448.25	\$ 56,586.75	\$ 687,835.50	\$ -	\$ -	\$ 997,870.50
Jim Dickson	11,162	6,173	101,038	-	-	\$ 92,086.50	\$ 50,927.25	\$ 833,563.50	\$ -	\$ -	\$ 976,577.25
Colin MacDonald <sup>1</sup>	15,255,094	13,719	11,524	-	-	\$125,854,525.50	\$ 113,181.75	\$ 95,073.00	\$ -	\$ -	\$126,062,780.25
Mickey MacDonald <sup>2</sup>	11,731,762	4,801	17,308	-	-	\$ 96,787,036.50	\$ 39,608.25	\$ 142,791.00	\$ -	\$ -	\$ 96,969,435.75
Vicki McKibbin	-	-	35,594	-	-	\$ -	\$ -	\$ 293,650.50	\$ -	\$ -	\$ 293,650.50
Brendan Paddick	457,988	6,859	160,789	-	-	\$ 3,778,401.00	\$ 56,586.75	\$1,326,509.25	\$ -	\$ -	\$ 5,161,497.00
John Risley <sup>3</sup>	13,961,975	4,801	102,037	-	-	\$115,186,293.75	\$ 39,608.25	\$ 841,805.25	\$ -	\$ -	\$116,067,707.25
Karl Smith	-	-	64,584	-	-	\$ -	\$ -	\$ 532,818.00	\$ -	\$ -	\$ 532,818.00
Stan Spavold	77,537	6,859	3,731	-	-	\$ 639,680.25	\$ 56,586.75	\$ 30,780.75	\$ -	\$ -	\$ 727,047.75
Ian Smith	75,664	-	-	415,079	-	\$ 624,228.00	\$ -	\$ -	\$3,424,401.75	\$ -	\$ 4,048,629.75
Teresa Fortney	32,639	-	-	109,029	-	\$ 269,271.75	\$ -	\$ -	\$ 899,489.25	\$ -	\$ 1,168,761.00
Darren Bowen	1,044	-	-	68,796	-	\$ 8,613.00	\$ -	\$ -	\$ 567,567.00	\$ -	\$ 576,180.00
Tony Jabbour	18,779	-	-	70,627	-	\$ 154,926.75	\$ -	\$ -	\$ 582,672.75	\$ -	\$ 737,599.50
Christine Penney	2,649	-	-	61,915	-	\$ 21,854.25	\$ -	\$ -	\$ 510,798.75	\$ -	\$ 532,653.00
Dieter Gautschi	827	-	-	56,789	-	\$ 6,822.75	\$ -	\$ -	\$ 468,509.25	\$ -	\$ 475,332.00
Telaina Kelly	-	-	-	33,086	-	\$ -	\$ -	\$ -	\$ 272,959.50	\$ -	\$ 272,959.50

Notes:

1. Colin MacDonald controls 1,130,781 Shares held by Colinco Holdings Limited and 13,968,432 Shares registered to HanMac Seafood Holdings Ltd., companies controlled by him, and beneficially owns 155,881 Shares directly.
2. Mickey MacDonald controls 5,623,601 Shares held by 3341585 Nova Scotia Limited, 5,751,821 Shares held by CJR Investments Inc. and 337,003 Shares held by 3321998 NS Ltd., companies controlled by him, and beneficially owns 19,337 Shares directly.
3. John Risley controls 13,961,210 Shares held by CVI Seafood Holdings Limited, a company controlled by him, and beneficially owns 765 Shares directly.

The directors, the Chief Executive Officer and the Chief Financial Officer of the Corporation entered into the Lock-Up Agreements pursuant to which, among other things and subject to the

terms thereof, they have agreed to vote their Shares in favour of the Arrangement Resolution. See "*The Arrangement – Lock-Up Agreements*".

### Termination and Change of Control Benefits

Ian Smith, Chief Executive Officer, Darren Bowen, Vice President, Global Supply Chain, Tony Jabbour, Vice President, Fleet Operations, Christine Penney, Vice President, Sustainability and Public Affairs, Teresa Fortney, Vice President, Finance and Chief Financial Officer, Dieter Gautschi, Vice President, Human Resources and Telaina Kelly, Vice President, Legal and Corporate Secretary are parties to employment agreements with CSLP, that contain provisions whereby the individual would be entitled to severance payments upon the termination of the individual without cause.

Ian Smith, Darren Bowen, Tony Jabbour, Christine Penney, Teresa Fortney, Dieter Gautschi and Telaina Kelly are entitled to a retention bonus payment equal to 50% of their then current base salary if the Corporation undertakes a change of control transaction and the executive member remains employed with CSLP for a period of 12 months following the change of control, or is terminated without cause during such 12-month period. The estimated retention bonus payment amount as of the date of this Circular are as follows:

Officer	Retention Bonus Payment
Ian Smith, Chief Executive Officer	\$278,208.50
Darren Bowen, Vice President, Global Supply Chain	\$136,769.00
Tony Jabbour, Vice President, Fleet Operations	\$136,575.00
Christine Penney, Vice President, Sustainability and Public Affairs	\$118,871.00
Teresa Fortney, Vice President, Finance and Chief Financial Officer	\$175,000.00
Dieter Gautschi, Vice President, Human Resources	\$117,300.00
Telaina Kelly, Vice President, Legal and Corporate Secretary	\$105,000.00

Ian Smith, Chief Executive Officer of the Corporation, is also entitled to receive an employment bonus payable upon certain triggering events, including a change of control (such as the Arrangement). In connection with the Arrangement, the amount of the bonus will be calculated by the formula  $1.61 \times (A + B)$ , where A is 83,333 multiplied by the difference between the Consideration and \$0.80 and B is 66,667 multiplied by the difference between the Consideration and \$1.00. The estimated amount of the bonus payable (based on Consideration of \$8.25 per Share) is \$1,777,708.

There are no material contracts, agreements, plans or arrangements that provide for any incremental payments, payables or other benefits upon termination, resignation, retirement or a change of control of the Corporation other than as described above.

The above individuals also hold Shares, DPSUs, DSUs, PSUs, and/or RSUs, as the case may be, and will receive the consideration for such securities and/or awards contemplated by the Plan of Arrangement in connection with the completion of the Arrangement. See "*The Arrangement –*

*Treatment of DPSUs, DSUs, PSUs and RSUs*". The share appreciation rights previously held by Ian Smith were terminated by agreement on October 22, 2020.

See "*The Arrangement – Certain Legal and Regulatory Matters – Securities Law Matters*" and "*Information Pertaining to the Corporation – Ownership of Shares*" for information concerning benefits to be received by the directors and certain senior officers of the Corporation upon completion of the Arrangement.

### **OTHER BUSINESS**

Management is not aware of any matter intended to come before the Meeting other than those items of business set forth in this Circular. If any other matters properly come before the Meeting and may properly be considered and acted upon, proxies will be voted by those named in the applicable form of proxy or voting instruction form in their sole discretion, including with respect to any amendments or variations of the matters identified in this Circular.

### **ADDITIONAL INFORMATION**

If you have any questions that are not answered by this Circular, or would like additional information, you should contact your professional advisors. If you require assistance in completing your form of proxy, you can contact Computershare Investor Services Inc., by telephone at 1-866-964-0498 (toll free in North America). If you require assistance in completing your Letter of Transmittal, you can contact Computershare Trust Company of Canada, by telephone at 1-514-982-7555 or (toll free in North America) at 1-800-564-6253.

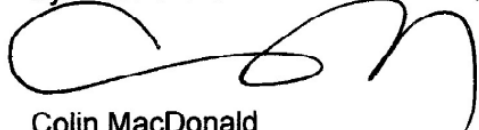
Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis of the Corporation's financial condition and results of operations for the year ended December 31, 2019 and for the interim period ended October 3, 2020. Such information, in addition to the Corporation's Annual Information Form dated March 3, 2020 and the Corporation's annual meeting information circular dated May 13, 2020, is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at <https://www.clearwater.ca/en/>. Copies of the Corporation's filings, including its most recent financial statements, management discussion and analysis, and Annual Information Form, will be sent to any Shareholder without charge upon written request to the Corporation's head office at 757 Bedford Highway, Bedford, Nova Scotia B4A 3Z7, Attention: Telaina Kelly, Vice President, Legal & Corporate Secretary.

### **APPROVAL BY DIRECTORS**

The content and the sending of the Notice of Meeting and this Circular to each director, to each Shareholder entitled to notice of the Meeting and to the auditors of the Corporation, have been approved by the Board of Directors of the Corporation.

Dated at Halifax, Nova Scotia this 3<sup>rd</sup> day of December, 2020.

By order of the Board of Directors,



Colin MacDonald  
Chairman of the Board of Directors

## CONSENT OF SCOTIA CAPITAL INC.

We refer to the fairness opinion of our firm dated November 9, 2020 (the "**Fairness Opinion**") forming part of the management information circular dated December 3, 2020 (the "**Circular**") of Clearwater Seafoods Incorporated ("**Clearwater**") which we prepared for the Special Committee and the Board of Directors of Clearwater in connection with the Arrangement (as defined in the Circular). We hereby consent to the filing of the text of the Fairness Opinion with the securities regulatory authorities in the provinces and territories of Canada and the inclusion of the Fairness Opinion, and all references thereto, in the Circular. Our Fairness Opinion was given as of November 9, 2020 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Special Committee and Board of Directors of Clearwater shall be entitled to rely upon our Fairness Opinion.



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SCOTIA CAPITAL INC.

**APPENDIX A  
ARRANGEMENT RESOLUTION**

**SPECIAL RESOLUTION OF THE SHAREHOLDERS OF CLEARWATER SEAFOODS  
INCORPORATED (the "Corporation")**

**BE IT RESOLVED THAT:**

- (a) The arrangement (the "**Arrangement**") under section 192 of the Canada Business Corporations Act (the "**CBCA**") involving Clearwater Seafoods Incorporated (the "**Corporation**"), as more particularly described and set forth in the management information circular of the Corporation (the "**Circular**") dated December 3, 2020 accompanying the notice of this meeting, and as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated November 9, 2020 between 12385104 Canada Inc. (the "**Purchaser**"), Premium Brands Holdings Corporation, FNC Holdings Limited Partnership and the Corporation (as it may from time to time be amended, modified or supplemented, the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.
- (b) The plan of arrangement of the Corporation (as it may be amended, modified or supplemented in accordance with its terms and the terms of the Arrangement Agreement, the "**Plan of Arrangement**"), the full text of which is set out in Appendix B to the Circular, is hereby authorized, approved and adopted.
- (c) The Arrangement Agreement and related transactions, the actions of the directors of the Corporation in approving the Arrangement Agreement, the actions of the directors and officers of the Corporation in executing and delivering the Arrangement Agreement and any amendments, modifications or supplements thereto, are hereby ratified and approved.
- (d) The Corporation is hereby authorized to apply for a final order from the Supreme Court of Nova Scotia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended in accordance with the Arrangement Agreement and the Plan of Arrangement).
- (e) Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by the shareholders of the Corporation or that the Arrangement has been approved by the Court, the directors of the Corporation are hereby authorized and empowered to, without notice to or approval of the shareholders of the Corporation (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement, or (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
- (f) Any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation to make an application to the Court for an order approving the Arrangement and to execute under the seal of the Corporation or otherwise and deliver or cause to be delivered for filing with the Director under the CBCA articles of arrangement and such other documents as may be necessary or desirable to give effect to the Arrangement in accordance with the Arrangement

Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

- (g) Any one director or officer of the Corporation is hereby authorized and directed, empowered and instructed for and on behalf of the Corporation, to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

## **APPENDIX B PLAN OF ARRANGEMENT**

### **PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT**

#### **ARTICLE 1 - INTERPRETATION**

##### **1.1 Definitions**

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

**"Arrangement"** means an arrangement under section 192 of the CBCA in accordance with the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Purchaser and the Corporation, each acting reasonably.

**"Arrangement Agreement"** means the arrangement agreement between the Purchaser and the Corporation dated November 9, 2020, including the schedules thereto, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

**"Arrangement Resolution"** means the special resolution of the Shareholders approving the Plan of Arrangement to be considered at the Meeting, substantially in the form of Schedule B attached to the Arrangement Agreement.

**"Articles of Arrangement"** means the articles of arrangement of the Corporation in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order has been granted, giving effect to the Arrangement, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Corporation and the Purchaser, each acting reasonably.

**"Business Day"** means a day other than (a) a Saturday, Sunday, or a statutory holiday in Halifax, Nova Scotia or Vancouver, British Columbia; or (b) a day on which banking institutions in Halifax, Nova Scotia or Vancouver, British Columbia are permitted or obligated by Law to be closed.

**"CBCA"** means the Canada Business Corporations Act, R.S.C. 1985, c. C-44.

**"Certificate of Arrangement"** means the certificate of arrangement giving effect to the Arrangement to be issued by the Director pursuant to section 192(7) of the CBCA in respect of the Articles of Arrangement.

**"Circular"** means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent or otherwise made available to the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement and the Interim Order (once issued).

**"Common Shares"** means the common shares in the capital of the Corporation.

**"Consideration"** means:

- (a) where the Effective Date is on or before January 29, 2021, \$8.25 in cash per Common Share and \$8.25 in cash per vested and outstanding DPSU, DSU, PSU and RSU then held by the DPSU Holders, DSU Holders, PSU Holders and RSU Holders as contemplated by Section 2.10 of the Arrangement Agreement;
- (b) where the Effective Date is after January 29, 2021 but on or before April 30, 2021, \$8.30 in cash per Common Share and \$8.30 in cash per vested and outstanding DPSU, DSU, PSU and RSU then held by the DPSU Holders, DSU Holders, PSU Holders and RSU Holders as contemplated by Section 2.10 of the Arrangement Agreement; or
- (c) where the Effective Date is after April 30, 2021 but on or before the Outside Date, \$8.35 in cash per Common Share and \$8.35 in cash per vested and outstanding DPSU, DSU, PSU and RSU then held by the DPSU Holders, DSU Holders, PSU Holders and RSU Holders as contemplated by Section 2.10 of the Arrangement Agreement.

**"Corporation"** means Clearwater Seafoods Incorporated, a corporation existing under the CBCA.

**"Corporation Notes"** means the 6.875% USD Senior Notes due 2025 issued pursuant to the Indenture.

**"Court"** means the Supreme Court of Nova Scotia.

**"Depository"** means Computershare Trust Company of Canada, in its capacity as depository for the Arrangement, or such other Person as the Corporation and the Purchaser agree to engage as depository for the Arrangement.

**"Director"** means the Director appointed pursuant to section 260 of the CBCA.

**"Dissent Rights"** has the meaning specified in Section 3.1 of this Plan of Arrangement.

**"Dissenting Holder"** means a registered holder of Common Shares who has properly exercised its Dissent Rights in accordance with Section 3.1 of this Plan of Arrangement and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights and who is ultimately determined to be entitled to be paid the fair value of its Common Shares but only in respect of Common Shares in respect of which Dissent Rights are validly exercised by such registered holder.

**"DPSU"** means a performance share unit issued under the DPSU Plan.

**"DPSU Holders"** has the meaning ascribed thereto in the Arrangement Agreement.

**"DPSU Plan"** means the directors' performance PSU plan of the Corporation effective May 8, 2012, as amended May 12, 2015, and July 2, 2020 and as further amended from time to time in accordance with its terms.

**"DRIP"** means the dividend reinvestment plan of the Corporation dated February 23, 2018, as amended from time to time.

**"DSU"** means a deferred stock unit issued under the DSU Plan.

**"DSU Holders"** has the meaning ascribed thereto in the Arrangement Agreement.

**"DSU Plan"** means the deferred stock unit plan of the Corporation effective as of May 8, 2012, as amended May 12, 2015 and as further amended from time to time.

**"Effective Date"** means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

**"Effective Time"** means 12:01 a.m. (Halifax time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

**"Escrow Agent"** means Stewart McKelvey, in its capacity as escrow agent for the Consideration payable in respect of the DPSUs, DSUs, PSUs and RSUs arranged under the Plan of Arrangement, or such other Person as the Corporation and the Purchaser agree to engage as escrow agent for such purposes.

**"Escrow Agreement"** means the agreement to be entered into between the Escrow Agent, the Purchaser and the Corporation not less than ten (10) Business Days prior to the Effective Date on terms and conditions satisfactory to the Purchaser and the Corporation, each acting reasonably.

**"Final Order"** means the final order of the Court approving the Arrangement under section 192 of the CBCA in a form acceptable to the Corporation and the Purchaser, each acting reasonably, as such order may be amended, supplemented or varied by the Court (with the consent of both the Corporation and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and the Purchaser, each acting reasonably).

**"Indenture"** means the indenture dated as of April 26, 2017 by and among the Corporation and each of the guarantors party thereto and Wilmington Trust, National Association, as trustee, for the 6.875% USD Senior Notes of the Corporation due May 1, 2025.

**"Interim Order"** means the interim order of the Court contemplated by Section 2.3 of the Arrangement Agreement, in a form acceptable to both the Corporation and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court with the prior consent of both the Corporation and the Purchaser, each acting reasonably.

**"Law"** means any applicable laws, including federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any applicable grant of approval, permission, authority or license or other similar requirement of any Regulatory Authority.

**"Letter of Transmittal"** means the letter of transmittal to be sent by the Corporation to Shareholders in connection with the Arrangement.

**"Lien"** means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment,

lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**LTIP**" means the executive long-term incentive plan of the Corporation effective May 8, 2012, as amended May 12, 2015, March 8, 2019 and July 2, 2020 and as further amended from time to time.

"**Meeting**" means the special meeting of the Shareholders to be held in person, virtually or a combination thereof, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought fit, approving (i) the Arrangement Resolution, (ii) all other matters requiring approval pursuant to the terms and conditions of the Arrangement Agreement or the Interim Order, and (iii) any other matter set out in the Circular and agreed to in writing by the Purchaser in accordance with the Arrangement Agreement.

"**Parties**" means the Corporation and the Purchaser.

"**Payroll Service Administrators**" means the third party payroll service administrators engaged by the Corporation to process and administer employee compensation in Canada, the United States, the United Kingdom and Europe.

"**Person**" means an individual, general partnership, limited partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator or other legal representative, government (including a Regulatory Authority), or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this Plan of Arrangement proposed under section 192 of the CBCA, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of both the Corporation and the Purchaser, each acting reasonably.

"**PSU**" means a performance share unit issued under the LTIP.

"**PSU Holder**" has the meaning ascribed thereto in the Arrangement Agreement.

"**Purchaser**" means 12385104 Canada Inc.

"**Regulatory Authority**" means any (i) international, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, board, bureau or agency, domestic or foreign, (ii) subdivision, agent or authority of any of the foregoing, or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the Toronto Stock Exchange), regulatory agency or self-regulatory organization.

"**RSU**" means a restricted share unit issued under the LTIP.

"**RSU Holders**" has the meaning ascribed thereto in the Arrangement Agreement.

"**Shareholders**" means the registered or beneficial holders of Common Shares, as the context requires.

"**Tax Act**" means the Income Tax Act (Canada), R.S.C., 1985, c. 1 (5th Supp.) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

## 1.2 **Certain Rules of Interpretation**

In this Plan of Arrangement, unless otherwise specified:

- (a) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (b) **Currency.** All references to dollars or to \$ are references to Canadian dollars.
- (c) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (d) **Certain Phrases, etc.** Wherever the word "including," "includes" or "include" is used in this Plan of Arrangement, it shall be deemed to be followed by the words "without limitation." The word "or" shall be disjunctive but not exclusive. The phrase "the aggregate of," "the total of," "the sum of" or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of." References herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity.
- (e) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (f) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (g) **Time References.** References to time are to local time, Halifax, Nova Scotia.

## ARTICLE 2 - THE ARRANGEMENT

### 2.1 **Arrangement Agreement**

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.

### 2.2 **Binding Effect**

This Plan of Arrangement and the Arrangement will become effective at, and be binding at and after, the times referred to in Section 2.3 of this Plan of Arrangement on: (a) the Corporation, (b) the Purchaser, (c) all Shareholders (including Dissenting Holders), (d) all DSU Holders and participants in the DSU Plan, (e) all DPSU Holders and participants in the DPSU Plan, (f) all PSU Holders and participants in the LTIP, (g) all RSU Holders and participants in the LTIP, (h) all

participants in the DRIP, (i) the Depository, (j) the Payroll Service Administrators, (k) the Escrow Agent and (l) all other Persons, in each case without any further act or formality required on the part of any Person.

### 2.3 Arrangement

Commencing at the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) each of the Common Shares held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality, by or on behalf of the Dissenting Holders, to the Purchaser in consideration for a claim against the Purchaser for the amount determined under Article 3 of this Plan of Arrangement, and:
  - (i) such Dissenting Holders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid fair value by the Purchaser for such Common Shares as set out in Section 3.1 of this Plan of Arrangement;
  - (ii) such Dissenting Holders' names shall be removed as the holders of such Common Shares from the register of Common Shares maintained by or on behalf of the Corporation; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens), and shall be entered in the register of Common Shares maintained by or on behalf of the Corporation;
- (b) each Common Share outstanding immediately prior to the Effective Time, other than Common Shares held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised and Common Shares held by the Purchaser shall be deemed to have been transferred without any further act or formality, by or on behalf of the Shareholder, to the Purchaser in consideration for the Consideration, and:
  - (i) the holders of such Common Shares shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid the Consideration by the Purchaser in accordance with this Plan of Arrangement;
  - (ii) such holders' names shall be removed from the register of the Common Shares maintained by or on behalf of the Corporation; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens), and shall be entered in the register of Common Shares maintained by or on behalf of the Corporation;
- (c) the number of DSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DSU, notwithstanding the terms of the DSU Plan, shall, without any further action by or on behalf of a DSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from

the Corporation equal to the Consideration, subject to Section 4.3 of this Plan of Arrangement, and each such DSU shall immediately be cancelled and (i) the DSU Holders shall cease to be the holders thereof, and to have any rights as DSU Holders other than the right to receive the consideration to which they are entitled under this Section 2.3(c) of this Plan of Arrangement and (ii) such holders' names shall be removed from the register of the DSUs maintained by or on behalf of the Corporation;

- (d) notwithstanding the terms of the DSU Plan and any agreements relating to the DSUs, the DSU Plan shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DSU Plan or any agreement relating to the DSU Plan, including with respect to DSUs granted under the DSU Plan which did not vest prior to the Effective Time;
- (e) the number of DPSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such DPSU, notwithstanding the terms of the DPSU Plan, shall, without any further action by or on behalf of a DPSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of this Plan of Arrangement, and each such DPSU shall immediately be cancelled and (i) the DPSU Holders shall cease to be the holders thereof, and to have any rights as DPSU Holders other than the right to receive the consideration to which they are entitled under this Section 2.3(d) of this Plan of Arrangement and (ii) such holders' names shall be removed from the register of the DPSUs maintained by or on behalf of the Corporation;
- (f) notwithstanding the terms of the DPSU Plan and any agreements relating to the DPSUs, the DPSU Plan shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DPSU Plan or any agreement relating to the DPSU Plan, including with respect to DPSUs granted under the DPSU Plan which did not vest prior to the Effective Time;
- (g) the number of PSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such PSU, notwithstanding the terms of the LTIP, shall, without any further action by or on behalf of a PSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of this Plan of Arrangement, and each such PSU shall immediately be cancelled and (i) the PSU Holders shall cease to be the holders thereof, and to have any rights as PSU Holders other than the right to receive the consideration to which they are entitled under this Section 2.3(g) of this Plan of Arrangement (ii) such holders' names shall be removed from the register of the PSUs maintained by or on behalf of the Corporation;
- (h) the number of RSUs vested and outstanding immediately prior to the Effective Time shall be as contemplated by Section 2.10 of the Arrangement Agreement and each such RSU, notwithstanding the terms of the LTIP, shall, without any further action by or on behalf of a RSU Holder, be deemed to be assigned and transferred by such holder to the Corporation in exchange for a cash payment from the Corporation equal to the Consideration, subject to Section 4.3 of this Plan of

Arrangement, and each such RSU shall immediately be cancelled and (i) the RSU Holders shall cease to be the holders thereof, and to have any rights as RSU Holders other than the right to receive the consideration to which they are entitled under this Section 2.3(h) of this Plan of Arrangement and (ii) such holders' names shall be removed from the register of the RSUs maintained by or on behalf of the Corporation;

- (i) notwithstanding the terms of the LTIP and any agreements relating to the PSUs and the RSUs, the LTIP shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the LTIP or any agreement relating to the LTIP, including with respect to PSUs and RSUs granted under the LTIP which did not vest prior to the Effective Time; and
- (j) notwithstanding the terms of the DRIP and any agreements relating to the DRIP, the DRIP shall be terminated and shall be of no further force and effect and the Corporation shall have no liabilities or obligations under the DRIP or any agreement relating to the DRIP.

### **ARTICLE 3 - RIGHTS OF DISSENT**

#### **3.1 Rights of Dissent**

A registered holder of Common Shares may exercise rights of dissent ("**Dissent Rights**") in accordance with the procedures set out in section 190 of the CBCA, as modified by this Article 3 and the Final Order, with respect to such Common Shares in connection with the Arrangement, provided that notwithstanding (i) section 190(5) of the CBCA, the written objection to the Arrangement Resolution contemplated by section 190(5) of the CBCA must be received by the Corporation at or before the Meeting. Each Dissenting Holder who is:

- (a) ultimately entitled to be paid fair value for such Common Shares, such fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting, shall be deemed to have transferred such holder's Common Shares to the Purchaser as of the Effective Time as set out in Section 2.3 of this Plan of Arrangement, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such Dissenting Holder not exercised Dissent Rights in respect of such Common Shares; or
- (b) ultimately not entitled, for any reason, to be paid such fair value for such Common Shares, shall be deemed to have participated in the Arrangement with respect to such Common Shares, as of the Effective Time, on the same basis as a non-Dissenting Holder to which Section 2.3 of this Plan of Arrangement applies.

#### **3.2 Recognition of Dissenting Holders**

- (a) In no circumstances shall the Purchaser, the Corporation or any other Person be required to recognize a Dissenting Holder as the holder of any Common Share in respect of which Dissent Rights have been validly exercised at and after the Effective Time, and the names of such Dissenting Holders shall be removed from the registers of Common Shares maintained by or on behalf of the Corporation as provided in Section 2.3(a)(ii) of this Plan of Arrangement.

- (b) For greater certainty, in no case shall the Purchaser, the Corporation or any other Person be required to recognize Dissenting Holders as holders of Common Shares, as the case may be, in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(a) of this Plan of Arrangement, and the names of such Dissenting Holders shall be removed from the applicable register of holders of Common Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(a)(ii) of this Plan of Arrangement occurs.
- (c) In addition to any other restrictions under section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights: (i) DSU Holders, (ii) DPSU Holders, (iii) PSU Holders, (iv) RSU Holders and (v) holders of Common Shares who vote or have instructed a proxyholder to vote such Common Shares in favour of the Arrangement Resolution.

#### **ARTICLE 4 - CERTIFICATES AND PAYMENTS**

##### **4.1 Payment and Delivery of Consideration**

- (a) Prior to the sending by the Corporation of the Articles of Arrangement to the Director the Purchaser shall deposit, or arrange to be deposited, in accordance with the terms and conditions of the Arrangement Agreement for the benefit of the Shareholders, the DSU Holders, the DPSU Holders, the PSU Holders and the RSU Holders, cash as follows:
  - (i) with the Depository, the aggregate amount equal to the payments in respect of Common Shares required by Section 2.3 of this Plan of Arrangement; and
  - (ii) with the Escrow Agent, the aggregate amount equal to the payments in respect of the DPSUs, the PSUs, the RSUs and the DSUs required by Section 2.3 of this Plan of Arrangement to be held pursuant to the terms and conditions of the Escrow Agreement.
- (b) As soon as practicable following the Effective Time, the Escrow Agent shall transfer the aggregate amount equal to the payments in respect of the DPSUs, the PSUs, the RSUs and the DSUs required by Section 2.3 of this Plan of Arrangement to the Payroll Service Administrators in accordance with the terms and conditions of the Escrow Agreement.
- (c) Following the deposit with the Depository and the Escrow Agent of the amounts specified in Section 4.1(a)(i) and Section 4.1(a)(ii), the Purchaser will be fully and completely discharged from its obligation to pay the Consideration to the Shareholders, the DSU Holders, the DPSU Holders, the PSU Holders and the RSU Holders (other than in respect of the right of Dissenting Holders to be paid fair value as herein provided for the Common Shares in respect of which Dissent Rights have been validly exercised), and the rights of such holders will be limited to receiving, from the Depository and the Payroll Service Administrators, as applicable, the Consideration to which they are entitled in accordance with this Plan of Arrangement.
- (d) Upon surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares that were

transferred pursuant to Section 2.3(b), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the Shareholder(s) represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder, the cash which such holder has the right to receive under this Plan of Arrangement for such Common Shares, less any amounts withheld pursuant to Section 4.3 of this Plan of Arrangement, and any certificate representing Common Shares so surrendered shall forthwith be cancelled.

- (e) On or as soon as practicable after the Effective Date, the Payroll Service Administrators shall deliver to each DSU Holder, DPSU Holder, PSU Holder and RSU Holder, or to such other Person as such holder may direct, the cash payment, if any, which such DSU Holder, DPSU Holder, PSU Holder and RSU Holder has the right to receive under this Plan of Arrangement for such DSUs, DPSUs, PSUs and RSUs less any amount withheld pursuant to Section 4.3 of this Plan of Arrangement, either (i) pursuant to the normal payroll practices and procedures of the Corporation or (ii) by cheque.
- (f) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Common Shares (other than Common Shares in respect of which Dissent Rights have been validly exercised and not withdrawn), shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3 of this Plan of Arrangement. Any such certificate formerly representing Common Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former Shareholder of any kind or nature against or in the Corporation or the Purchaser. On such date, all cash to which such former holder of Common Shares was entitled shall be deemed to have been surrendered to the Corporation and shall be paid over by the Depository to the Corporation or as directed by the Corporation.
- (g) Any payment made by way of cheque by the Depository or the Corporation, as applicable, pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depository or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable Consideration pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Corporation for no consideration.
- (h) No holder of Common Shares, DSUs, DPSUs, PSUs or RSUs shall be entitled to receive any consideration with respect to such Common Shares, DSUs, DPSUs, PSUs or RSUs other than any cash payment to which such holder is entitled to receive in accordance with this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to or on the Effective Date.

#### 4.3 **Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were transferred pursuant to Section 2.3(b) of this Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration that such Shareholder has the right to receive in accordance with Section 2.3 of this Plan of Arrangement and such Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Corporation in a manner satisfactory to the Purchaser (acting reasonably) against any claim that may be made against the Purchaser and the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

#### 4.4 **Withholding Rights**

Each of the Purchaser, the Corporation, the Depositary, the Payroll Service Administrators and any other Person that makes a payment shall be entitled to deduct and withhold, or direct any other Person to deduct and withhold on their behalf, from the amount payable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1 of this Plan of Arrangement and any amounts payable to DSU Holders, DPSU Holders, PSU Holders or RSU Holders), such amount as the Purchaser, the Corporation, the Depositary or the Payroll Service Administrator deems, each acting reasonably, is required to be deducted or withheld pursuant to the Tax Act or any provision of any Law and remit such deducted and withheld amount to the appropriate Regulatory Authority. To the extent that the amount is so properly deducted, withheld and remitted, such amount shall be treated for all purposes of this Plan of Arrangement as having been paid to the relevant recipient, provided that such amounts are actually remitted to the appropriate Regulatory Authority. To the extent that such amounts are so deducted, withheld and remitted to the relevant Regulatory Authority, such amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid. To the extent that the amount so required to be deducted or withheld from any amounts payable, issuable or otherwise deliverable to a Person under this Plan of Arrangement exceeds the amount of cash otherwise payable to such Person, the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators are hereby authorized to sell or otherwise dispose, or direct any other Person to sell or otherwise dispose, of such portion of the non-cash amounts payable, issuable or otherwise deliverable under this Plan of Arrangement to such Person as is necessary to provide sufficient funds to the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser, the Corporation, the Depositary and the Payroll Service Administrators, as applicable, shall notify the relevant Person of such sale or other disposition and remit to such Person any unapplied balance of the net proceeds of such sale or other disposition (after deduction for (a) the amounts required to satisfy the required withholding under this Plan of Arrangement in respect of such Person, (b) reasonable commissions payable to a broker, and (c) other reasonable costs and expenses).

#### 4.5 **Liens**

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

#### 4.6 **Paramountcy**

From and after the Effective Time (a) this Plan of Arrangement shall take precedence and priority over any and all of the securities of the Corporation issued or outstanding prior to the Effective Time excluding the Corporation Notes, (b) the rights and obligations of such securityholders, excluding the holders of the Corporation Notes, the Corporation, the Purchaser, the Depositary, the Escrow Agent, the Payroll Service Administrators, and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any securities of the Corporation excluding the Corporation Notes are deemed to have been settled, compromised, released and determined without liability except as set forth herein.

### **ARTICLE 5 - AMENDMENTS**

#### 5.1 **Amendments to Plan of Arrangement**

- (a) The Corporation and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the Purchaser and the Corporation (subject to the Arrangement Agreement), each acting reasonably, (iii) filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to the Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Corporation or the Purchaser at any time prior to the Meeting (provided that the Purchaser or the Corporation (subject to the Arrangement Agreement), as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if (i) it is consented to in writing by each of the Corporation and the Purchaser (each, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order without filing such amendment, modification or supplement with the Court or seeking Court approval, provided that (i) it concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of any Shareholder, DSU Holder, DPSU Holder, PSU Holder or RSU Holder, or (ii) is an amendment contemplated in Section 5.1 of this Plan of Arrangement.
- (e) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it

concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Shareholder, DSU Holder, DPSU Holder, PSU Holder or RSU Holder.

## **ARTICLE 6 - FURTHER ASSURANCES**

### **6.1 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

**APPENDIX C**  
**SCOTIABANK FAIRNESS OPINION**

See attached.

November 9, 2020

The Special Committee of the Board of Directors and the Board of Directors  
Clearwater Seafoods Incorporated  
757 Bedford Highway  
Bedford, Nova Scotia  
B4A 3Z7

To the Special Committee of the Board of Directors and the Board of Directors:

Scotia Capital Inc. (“Scotia Capital”, “we”, “us” or “our”) understand that Clearwater Seafoods Incorporated (the “Company”) and 12385104 Canada Inc. (the “Acquirer”), a company that is jointly owned by Premium Brands Holdings Corporation (“Premium Brands”) and FNC Holdings Limited Partnership (“FNC”), representing, indirectly, a coalition of Mi’kmaq First Nations led by Membertou First Nation (the “Mi’kmaq Coalition”) propose to enter into an agreement to be dated November 9, 2020 (the “Arrangement Agreement”), pursuant to which, among other things, the Acquirer will acquire all of the outstanding common shares (the “Shares”) of the Company for a price equal to C\$8.25 in cash, subject to adjustment in the manner set out in the Arrangement Agreement, per Share (the “Consideration”) by way of an arrangement (the “Arrangement”) under the *Canada Business Corporations Act*. The terms and conditions of the Arrangement Agreement will be more fully described in an information circular (the “Circular”) which will be prepared by the Company and mailed to, among others, the holders of the Shares (each, a “Shareholder”) in connection with the Arrangement.

We have been retained to provide our opinion (the “Opinion”) to the special committee (the “Special Committee”) of the board of directors of the Company (the “Board”) and to the Board as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Arrangement.

### **Engagement of Scotia Capital**

The Special Committee initially contacted Scotia Capital regarding a potential advisory assignment on September 30, 2020. Scotia Capital was formally engaged by the Special Committee pursuant to an engagement letter dated October 11, 2020 (the “Engagement Letter”). The terms of the Engagement Letter provide that Scotia Capital would receive a fixed fee for its services, including for the preparation and delivery of the Opinion. The fee payable to Scotia Capital pursuant to the Engagement Letter is not contingent upon the conclusions reached by Scotia Capital in the Opinion or on the completion of the Arrangement. In addition, Scotia Capital is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Company for certain liabilities that may arise under its engagement.

Subject to the terms of the Engagement Letter, Scotia Capital consents to the inclusion of the Opinion in its entirety and a summary thereof in the Circular and to the filing of the Opinion by the Company, as necessary, with the applicable securities commissions, stock exchanges and other similar regulatory authorities in Canada.

### **Credentials of Scotia Capital**

Scotia Capital represents the global corporate and investment banking and capital markets business of The Bank of Nova Scotia (the “Bank”), one of North America’s premier financial institutions. In Canada, Scotia Capital is one of the country’s largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment

research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinions of Scotia Capital. The form and content of the Opinion have been approved for release by a committee of professionals of Scotia Capital, each of whom is experienced in merger, acquisition, divestiture, opinion, valuation, and capital markets matters.

### **Relationship with Interested Parties**

Neither Scotia Capital nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, the Acquirer or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither Scotia Capital nor any of its affiliates has been engaged to provide any financial advisory services, nor has Scotia Capital or any of its affiliates participated in any financing, involving the Interested Parties within the past two years, other than pursuant to the Engagement Letter and as described herein. In the past two years, Scotia Capital and its affiliates have been engaged in the following capacities for the Interested Parties: (i) acting as a lender to Clearwater in connection with its C\$200 million senior secured credit facility due November 2024; (ii) acting as co-bookrunner to Premium Brands in connection with its C\$150 million offering of convertible debentures and its C\$138 million offering of common shares in July 2020; (iii) acting as a syndication agent to Premium Brands in connection with its C\$800 million and US\$150 million senior credit facilities due September 2023; and (iv) providing foreign exchange and hedging services to both Clearwater and Premium Brands. There are no understandings, agreements or commitments between Scotia Capital and the Interested Parties with respect to any future business dealings. Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Interested Parties. In addition, the Bank, of which Scotia Capital is a wholly owned subsidiary, or one or more affiliates of the Bank may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and the Bank may have had and may have positions in the securities of the Interested Parties from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Interested Parties, or with respect to the Arrangement.

### **Scope of Review**

In preparing the Opinion, we have reviewed, considered and relied upon, among other things, the following:

1. a draft of the Arrangement Agreement dated November 9, 2020;
2. the form of the voting support agreement (the "Support Agreement") entered into by the Locked-Up Shareholders (as defined in the Arrangement Agreement) as of November 9, 2020;
3. audited annual financial statements of the Company and management's discussion and analysis related thereto for the fiscal years ended December 31, 2019 and 2018;
4. unaudited interim financial statements of the Company and management's discussion and analysis related thereto for the three and six month periods ended July 4, 2020;
5. the notices of annual meeting of the Shareholders and the management information circulars of the Company for the meetings dated June 23, 2020 and May 30, 2019;
6. annual information forms of the Company for the fiscal years ended December 31, 2019 and 2018;

7. certain internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the Company;
8. certain internal financial, operating and corporate information or reports of the Company;
9. certain discussions with senior management of the Company;
10. certain discussions with legal counsel to the Special Committee;
11. public information relating to the business, operations, financial performance and stock trading history of the Company and other selected public companies considered by us to be relevant;
12. public information with respect to other transactions of a comparable nature considered by us to be relevant;
13. certain reports published by equity research analysts and industry sources we considered relevant;
14. historical market prices and trading activity for the Shares;
15. representations contained in a certificate addressed to Scotia Capital, dated as of the date hereof, from senior officers of the Company as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and
16. such other corporate, industry and financial market information, investigations and analyses as Scotia Capital, in our professional judgment, considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by the Company to any information requested by Scotia Capital.

### **Assumptions and Limitations**

The Opinion is subject to the assumptions, qualifications and limitations set forth below.

With the Special Committee's and the Board's approval and as provided in the Engagement Letter, we have relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, documents, opinions, appraisals, valuations and representations obtained by it from public sources, or that was provided to us, by the Company, and its associates and affiliates and advisors (collectively, the "Information"). The Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of our professional judgment, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the Company and its professional advisors with respect to such matters. We have assumed the accuracy and fair presentation of and relied upon the Company's audited financial statements and the reports of the auditors thereon and the Company's interim unaudited financial statements. We have assumed that forecasts, projections, estimates and budgets provided to us and used in the analysis supporting the Opinion, were reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to the matters covered thereby.

Senior officers of the Company have represented to Scotia Capital in a certificate delivered as at the date hereof, among other things, that to the best of their knowledge (a) the Company has no information or knowledge of any facts public or otherwise not publicly disclosed by the Company or specifically provided to Scotia Capital relating to the Company or any of its subsidiaries which could reasonably be expected to affect the Opinion in any material respect; (b) with the exception of budgets, forecasts, projections or estimates

referred to in (d), below, the information and data supplied or otherwise made available to Scotia Capital by the Company, whether provided orally by, or in the presence of, an officer of the Company, or in writing by the Company or any of its subsidiaries, in connection with the Opinion, or publicly disclosed by the Company, (such information and data, collectively, the "Information") is or, in the case of historical Information, was, at the date of preparation, true and accurate in all material respects and no additional material, data or information would be required to make the Information not misleading in light of circumstances in which it was prepared; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts contained in such Information or new material facts affecting such Information since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current information or data disclosed; and (d) any portions of the Information provided to Scotia Capital which constitute budgets, forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of management of the Company, are (or were at the time of preparation and continue to be) reasonable in the circumstances and are not, in the reasonable belief of management of the Company, misleading in any material respect.

In preparing the Opinion, Scotia Capital made several assumptions, including that the final executed version of the Arrangement Agreement will be identical in all material respects to the most recent draft thereof reviewed by us, and that the Arrangement will be consummated in accordance with the terms set forth in the Arrangement Agreement without any waiver or amendment of any terms or conditions. In addition, we have assumed that the conditions precedent to the completion of the Arrangement can be satisfied in due course, all consents, permissions, exemptions or orders of relevant third parties or regulatory authorities will be obtained without adverse condition or qualification, and the procedures being followed to implement the Arrangement are valid and effective.

The Opinion is rendered on the basis of the securities markets and economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company and its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to Scotia Capital in discussions with management of the Company and its representatives. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Scotia Capital or any party involved in the Arrangement.

The Opinion has been provided for the sole use and benefit of the Special Committee and the Board in connection with, and for the purpose of, its consideration of the Arrangement and may not be used or relied upon by any other person. Our opinion was not intended to be, and does not constitute, a recommendation to the Special Committee or the Board as to whether they should approve the Arrangement or to any Shareholder as to how such Shareholder should vote or act with respect to the Arrangement or its Shares. The Opinion does not address in any manner the prices at which the Shares will trade at any time. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the Company or the Company's underlying business decision to effect the Arrangement.

Except for the inclusion of the Opinion in its entirety and a summary thereof in a form acceptable to us in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the Company or any of its affiliates, and the Opinion should not be construed as such. The Opinion is given as of the date hereof, and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to change, modify or withdraw the Opinion.

### **Approach to Fairness**

In support of the Opinion, Scotia Capital has performed certain value analyses on the Company based on the methodologies and assumptions that Scotia Capital, in its professional judgment, considered appropriate in

the circumstances for the purposes of providing its Opinion. Scotia Capital believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

In considering the fairness of the Consideration under the Arrangement from a financial point of view to the Shareholders, Scotia Capital considered and relied upon, among other things, the following: (i) a comparison of the Consideration to the results of a discounted cash flow analysis of the Company and did not rely on any single series of projected cash flows, but performed a variety of sensitivity analyses using the projected cash flows; (ii) a comparison of the multiples implied by the Consideration to the multiples paid in selected precedent transactions; (iii) a comparison of the multiples implied by the Consideration to the multiples of selected public traded companies in the seafood processing and seafood harvesting industries; (iv) a comparison of the Consideration to the recent market trading prices of the Shares; and (v) such other factors, studies, and analyses as we deemed appropriate in the circumstances.

In arriving at its fairness determination, Scotia Capital considered the results of all its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Scotia Capital made its determination as to fairness based on its experience and professional judgement after considering the results of all its analyses.

### **Conclusion**

Based upon and subject to the foregoing, Scotia Capital is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair from a financial point of view to the Shareholders.

Yours very truly,

A handwritten signature in blue ink that reads "Scotia Capital Inc." with a small mark at the end.

**SCOTIA CAPITAL INC.**

**APPENDIX D  
INTERIM ORDER**

See attached.

D-2  
SUPREME COURT  
OF NOVA SCOTIA

DEC 01 2020

HALIFAX, N.S.

2020

Hfx No. 502079

SUPREME COURT OF NOVA SCOTIA

BETWEEN:

**CLEARWATER SEAFOODS INCORPORATED**

APPLICANT

- and -

**ALL HOLDERS OF COMMON SHARES, DIRECTORS' PERFORMANCE SHARE UNITS, DEFERRED STOCK UNITS, PERFORMANCE SHARE UNITS AND RESTRICTED SHARE UNITS OF CLEARWATER SEAFOODS INCORPORATED AS OF CLOSE OF BUSINESS ON DECEMBER 3, 2020**

RESPONDENTS

INTERIM ORDER

BEFORE THE HONOURABLE JUSTICE Justice M. Heather Robertson IN CHAMBERS:

**UPON MOTION** made by Clearwater Seafoods Incorporated (the "**Applicant**") for an Interim Order for advice and directions of this Honourable Court pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "**CBCA**") in connection with a proposed Arrangement (as defined herein) involving the Applicant, 12385104 Canada Inc. (the "**Purchaser**"), Premium Brands Holdings Corporation ("**PBHC**"), FNC Holdings Limited Partnership ("**FNC**") and the holders of common shares ("**Common Shares**") of the Applicant (the "**Shareholders**"), the holders of directors' performance share units (the "**DPSU Holders**"), the holders of deferred stock units (the "**DSU Holders**"), the holders of performance share units (the "**PSU Holders**") and the holders of restricted share units (the "**RSU Holders**" and, together with the Shareholders, the DPSU Holders, the DSU Holders and the PSU Holders, the "**Subject Securityholders**") being heard this day;

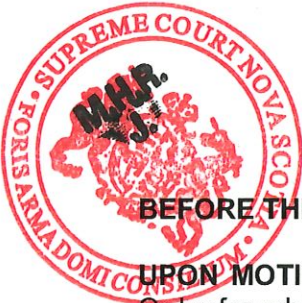
**AND UPON READING** the *Ex Parte* Motion, and the affidavit of Telaina Kelly sworn November 23, 2020 and the exhibits appended thereto (the "**Affidavit**");

**AND UPON HEARING** the submissions of Colleen P. Keyes, counsel for the Applicant;

**IT IS HEREBY ORDERED THAT:**

**DEFINITIONS**

1. For the purposes of this Interim Order, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the arrangement agreement dated November 9, 2020 among the Applicant, the Purchaser, PBHC and FNC (the "**Arrangement Agreement**"). The form of the Arrangement Agreement, as filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") on November 13,



2020, which redacts certain information in accordance with applicable securities laws, is attached as **Exhibit A** to the Affidavit.

### **SPECIAL MEETING**

2. The Applicant may call, hold and conduct a special meeting ("**Meeting**") of the Shareholders to be held on January 7, 2021 to be held virtually through a platform hosted by Computershare Trust Company of Canada at 10:00 a.m. (Atlantic Time) (or such other time as is determined by the board of directors of the Applicant) to:
  - (a) consider pursuant to this Interim Order and, if thought advisable, to pass, with or without variation, a special resolution ("**Arrangement Resolution**"), which Arrangement Resolution is attached as Exhibit D to the Affidavit, to approve the Arrangement and all transactions contemplated therein; and
  - (b) transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.
3. The Meeting shall be called, held and conducted in accordance with the CBCA, the Notice (as defined below) which shall accompany the Circular (as defined below), and the articles and by-laws of the Applicant, subject to the rulings and directions ordered herein.
4. The Applicant, if it deems advisable, is authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders entitled to vote at such Meeting respecting the adjournment or postponement.
5. Notice of any such adjournment or postponement shall be given by news release, newspaper advertisement or by notice to the Shareholders by one of the methods specified in paragraph 10 of this Interim Order, as determined by the board of directors of the Applicant to be the most appropriate method of providing notice.

### **RECORD DATE**

6. The record date (the "**Record Date**") for determining the Subject Securityholders entitled to receive the Meeting Materials (as defined herein) and the Shareholders entitled to vote at the Meeting shall be the close of business on December 3, 2020.
7. Only the Shareholders whose names appear on the register of Shareholders maintained by Computershare Investor Services Inc., the registrar and transfer agent of the Applicant, as at 5:00 p.m. (Atlantic Time) on the Record Date will be entitled to receive the Meeting Materials and to vote at the Meeting.

### **MEETING MATERIALS**

8. The following materials (collectively, the "**Meeting Materials**") shall be distributed to the Subject Securityholders as at the close of business on the Record Date, the directors of the Applicant (the "**Directors**") and to the Applicant's auditor (the "**Auditor**");

- (a) a notice of Meeting ("**Notice**"), a proxy for use by the Shareholders (the "**Proxy**"), in substantially the same forms as appear in **Exhibit B** and **Exhibit C** to the Affidavit, respectively (with such amendments, revisions or supplements thereto as counsel for the Applicant may determine are necessary or desirable, provided any such amendments, revisions or supplements are not inconsistent with the terms of this Interim Order);
- (b) a management information circular of the Applicant which shall be prepared in accordance with the CBCA and applicable securities laws (the "**Circular**").

#### **ARRANGEMENT AMENDMENTS**

- 9. The Applicant and the Purchaser are authorized to make such amendments, revisions or supplements to the Arrangement (including the Plan of Arrangement) as they may determine are appropriate, subject to the terms of the Arrangement Agreement, the Plan of Arrangement and this Interim Order, with notice to the Subject Securityholders and the Auditor of amendments, revisions or supplements arising prior to the Meeting as specified in paragraphs 10(a), 10(b), 10(c), 10(d), 10(e), and 10(f) of this Interim Order at least five (5) business days before the Meeting and the Arrangement as so amended, revised or supplemented, shall be the Arrangement to be submitted to the Meeting and the subject of the Arrangement Resolution.

#### **DISTRIBUTION OF NOTICE MATERIALS**

- 10. A copy of the Notice of Application relating to the Final Application (defined below), a copy of this Interim Order and the Meeting Materials (collectively, the "**Notice Materials**") shall be distributed to the Shareholders, the DPSU Holders, the DSU Holders, the PSU Holders, the RSU Holders, the Directors and the Auditor at least twenty-one (21) days prior to the date of the Meeting, excluding the date of distribution and the date of the Meeting, by one or more of the following methods:
  - (a) in the case of a registered Shareholder, by prepaid ordinary mail, by courier, or by delivery in person, addressed to the Shareholder at his, her or its last known address as it appears on the records of the Applicant as at the Record Date;
  - (b) in the case of a non-registered Shareholder that is an objecting beneficial owner (as that term is used in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer ("**NI 54-101**")), by providing, at least four (4) business days prior to the twenty-first (21st) day prior to the Meeting, sufficient copies thereof to intermediaries and registered nominees to facilitate the broad distribution thereof to such non-registered Shareholders;
  - (c) in the case of a non-registered Shareholder that is a non-objecting beneficial owner (as that term is used in NI 54-101), by prepaid ordinary mail, by courier, or by delivery in person, addressed to such non-registered Shareholder at his, her or its last known address as it appears on the non-objecting beneficial owner list (as that term is used in NI 54-101) requested by the Applicant in connection with the Meeting;

- (d) in the case of a DPSU Holder, DSU Holder, PSU Holder or RSU Holder, by email, facsimile or other electronic means addressed or transmitted to each DPSU Holder, DSU Holder, PSU Holder or RSU Holder at the address or facsimile number, as applicable, of each DPSU Holder, DSU Holder, PSU Holder or RSU Holder as shown in the records of the Applicant;
  - (e) in the case of the Directors of the Applicant, by courier or by delivery in person or by email, facsimile or other electronic means addressed or transmitted to each Director at the address or facsimile number, as applicable, of each Director as shown in the records of the Applicant; and
  - (f) in the case of the Auditor, by courier or by delivery in person or by email, facsimile or other electronic means addressed or transmitted to the Auditor at the address or facsimile number, as applicable, of the Auditor.
11. The Notice Materials shall be posted on SEDAR at [www.SEDAR.com](http://www.SEDAR.com) at the same time that the Notice Materials are distributed pursuant to paragraph 10.
12. The Notice Materials shall be deemed, for the purposes of this Interim Order and the application (the "**Final Application**") for the final order (the "**Final Order**") to approve the Arrangement, to have been received on the following timeframes:
- (a) in the case of distribution by prepaid ordinary mail, three (3) business days after delivery thereof to the post office;
  - (b) in the case of distribution by courier, one (1) business day after receipt by the courier;
  - (c) in the case of distribution by delivery in person, upon receipt thereof by the intended addressee; and
  - (d) in the case of distribution email, by facsimile or other electronic means, upon the transmission thereof.
13. Notice of amendments, updates or supplements to any of the information provided in the Notice Materials may be communicated to the Subject Securityholders by news release, newspaper advertisement or by notice sent to the Subject Securityholders by any of the methods set forth in paragraph 10 above as determined by the Directors to be the most appropriate method of providing notice.
14. Any amendments, updates or supplements to any of the information provided in the Notice Materials will be deemed to have been received within the times provided in paragraph 12, in the case of notice provided by mail, courier, delivery in person or delivery by email, facsimile or other electronic means and at the time of publication, in the case of notice provided by news release or newspaper advertisement.

**PERMITTED ATTENDEES**

15. The only persons entitled to attend the Meeting shall be:
- (a) the Shareholders or their respective proxyholders;

- (b) DPSU Holders, DSU Holders, PSU Holders and RSU Holders;
- (c) the Directors;
- (d) the Auditor and the Applicant's officers and advisors;
- (e) the directors, officers and advisors of the Purchaser, PBHC and FNC; and
- (f) other persons, with the permission of the chair of the Meeting.

### **QUORUM**

- 16. A quorum of the Meeting shall be two (2) persons present and entitled to vote at the Meeting and authorized to cast in aggregate not less than 25% of the total number of votes attaching to all issued and outstanding Common Shares, in accordance with the by-laws of the Applicant.
- 17. If no quorum of the Shareholders is present within thirty (30) minutes of the appointed time of the Meeting, the Meeting shall stand adjourned to such day being not less than fourteen (14) days later and to such place and time as may be appointed by the chair of the Meeting, and if at such adjourned meeting a quorum is not present, the Shareholders present in person or by proxy, if at least two (2), shall be a quorum for all purposes.

### **SCRUTINEER**

- 18. The scrutineer for the Meeting shall be Computershare Investor Services Inc., acting through its representatives for that purpose, and the scrutineer shall be responsible to report to the chair of the Meeting on:
  - (a) the deposit and validity of the Proxies received;
  - (b) quorum of the Meeting; and
  - (c) the polls taken or ballots cast, if any, at the Meeting.

### **PROXIES**

- 19. The Applicant is authorized to use the form of Proxy in substantially the same form as attached as **Exhibit C** to the Affidavit, subject to the Applicant's ability to insert or change dates, the time and location of the Meeting, and other relevant information in the final form of Proxy and to make other non-substantive changes and changes legal counsel may advise as are necessary or appropriate.
- 20. The Applicant is authorized, at its expense, to solicit Proxies directly and through its officers, directors and employees and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communication as it may determine, subject to the terms of the Arrangement Agreement and this Interim Order.

21. The procedures for the use of Proxies at the Meeting shall be as set out in the Circular and in the form of Proxy and, for greater certainty, completed Proxies must be deposited with Computershare Investor Services Inc. in the manner specified in the Circular, and on the form of Proxy no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Nova Scotia) before the time of the Meeting.

#### **VOTING**

22. The only persons entitled to be heard or to vote at the Meeting (as it may be adjourned or postponed) shall be the Shareholders as of the Record Date and their duly-appointed proxyholders.
23. Votes taken at the Meeting in respect of the Arrangement shall be on the basis that each the Shareholder shall be entitled to one (1) vote for each Common Share held by such Shareholder and the vote required to pass and approve the Arrangement Resolution shall be not less than sixty six and two thirds percent (66<sup>2/3</sup>%) of the votes cast by the Shareholders present in person or represented by proxy at the Meeting, excluding spoiled, illegible, or defective votes and abstentions.

#### **DISSENT RIGHTS**

24. A registered Shareholder may exercise rights of dissent ("**Dissent Rights**") in accordance with the procedures set out in section 190 of the CBCA with respect to the Common Shares held by such Shareholder in connection with the Arrangement.

#### **LEAVE TO VARY**

25. The Applicant is entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

#### **INTERPRETATION**

26. To the extent of any inconsistency or discrepancy with respect to the matters provided for in this Interim Order, as between this Interim Order and the articles or by-laws of the Applicant or the terms of any instrument creating or governing the Common Shares, this Interim Order shall prevail.

#### **EXTENSION FOR DEADLINE TO FILE AFFIDAVIT**

27. Pursuant to Civil Procedure Rules 2.03(1)(c) and 5.15, the deadline for the Applicant to file its final affidavit (which will provide the final meeting results from the Meeting), in connection with the Notice of Application scheduled to be heard on January 8, 2021, shall be extended to the business day prior to the hearing of the Final Application.

**APPLICATION FOR FINAL ORDER**

- 28. Upon obtaining approval of the Arrangement from the Shareholders in the manner set forth in this Interim Order, the Applicant may make the Final Application to this Honourable Court for the Final Order on January 8, 2021, at 9:30 a.m. (Atlantic Time) or such later date as the Final Application may be adjourned to, for approval of the Arrangement.
- 29. The only persons entitled to notice of any further proceedings herein, including the Final Application for the Final Order and to appear and be heard thereon shall be:
  - (a) representatives of the Applicant;
  - (b) representatives of the Purchaser, PBHC and FNC;
  - (c) the Director under the CBCA; and
  - (d) the Shareholders, the DPSU Holders, the DSU Holders, the PSU Holders and the RSU Holders who have filed responding materials in accordance with the Civil Procedure Rules of Nova Scotia (including compliance with the time limits specified therein) and this Interim Order and who have served such responding materials on the Applicant's solicitors for the purposes of this Application by delivering them by mail, courier or delivery in person to: Stewart McKelvey, Queen's Marque, 600-1741 Lower Water St., Halifax, NS B3J 0J2, attention: Colleen P. Keyes or by facsimile to: (902) 420-1417.
- 30. In the event that the hearing of the application for the Final Order on January 8, 2021 is adjourned, then only those Shareholders, DPSU Holders, DSU Holders, PSU Holders and RSU Holders who filed and delivered responding materials in accordance with subparagraph 29(d) herein need be served and provided with notice of the adjourned hearing date.

**DATED** at Halifax, Nova Scotia this 1 day of December, 2020

**PROTHONOTARY**

**JENNA BENT**  
Deputy Prothonotary

IN THE SUPREME COURT OF NOVA SCOTIA

I hereby certify that the foregoing document, identified by the Seal of the Court, is a true copy of the original document on file herein.

Dated the 1 day of December A.D., 2020

Deputy Prothonotary

**JENNA BENT**  
Deputy Prothonotary

**APPENDIX E**  
**NOTICE OF APPLICATION FOR FINAL ORDER**

See attached.

2020

Hfx No. 5 0 2 0 7 9

SUPREME COURT OF NOVA SCOTIA

BETWEEN:

CLEARWATER SEAFOODS INCORPORATED **Administration**

APPLICANT

NOV 23 2020

Halifax, N.S.

- and -

ALL HOLDERS OF COMMON SHARES, DIRECTORS' PERFORMANCE SHARE UNITS, DEFERRED STOCK UNITS, PERFORMANCE SHARE UNITS AND RESTRICTED SHARE UNITS OF CLEARWATER SEAFOODS INCORPORATED AS OF CLOSE OF BUSINESS ON DECEMBER 3, 2020

RESPONDENTS

**NOTICE OF APPLICATION IN CHAMBERS**

**To:** Each respondent who responds to the within Application in accordance with the directions set out in an Order of this Honourable Court to be dated on or about December 1, 2020, in connection with a proposed arrangement involving the Applicant, 12385104 Canada Inc., Premium Brands Holdings Corporation, FNC Holdings Limited Partnership and the Respondents.

**The Applicant requests an order against you**

The Applicant is applying to a Judge in Chambers for an Order approving an arrangement (the "**Arrangement**") involving the Applicant and the Respondents under Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**").

The Applicant started this Application by filing this notice on the date certified by the Prothonotary.

**Grounds for order**

The Applicant is applying for the Order on the following grounds:

1. Under section 192 of the CBCA, a corporation may apply to the Court for an Order sanctioning an arrangement respecting such corporation. The Applicant seeks an Order approving the Arrangement.

**Evidence supporting application**

The Applicant offers the following affidavits in support of the Application:

1. affidavits of officers of the Applicant to be sworn on or about December 18, 2020, and to be delivered before the deadlines provided in Civil Procedure Rule 5 – Application; and
2. such further affidavits as may be properly delivered prior to the Application.

**You may participate**

You may file with the Court a notice of contest, and any affidavits upon which you rely, no less than 5 days after this notice is delivered to you or you are otherwise notified of the Application. Filing the notice of contest entitles you to notice of further steps in the Application, including notice of further affidavits.

**Time, date, and place**

The application is to be heard by the Judge in Chambers at 9:30 a.m. (Atlantic Time) on January 8, 2021, at the Halifax Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia. You have the right to be present and to be represented by counsel or to act on your own. If you are not present, the Judge may proceed without you.

**Possible order against you**

The Judge may grant a final order on the Application without further notice to you if you fail to deliver your notice of contest on time, or if you or your counsel fails to appear in Chambers at the above time, date, and place.

**Filing and delivering documents**

Any documents you file with the court must be filed at the office of the Prothonotary, 1815 Upper Water Street, Halifax, Nova Scotia (telephone # 902-424-4900).

When you file a document you must immediately deliver a copy of it to the Applicant and each other party entitled to notice, unless the document is part of an *ex parte* motion, the parties agree delivery is not required, or a Judge orders it is not required.

**Contact information**

The Applicant designates the following address: Stewart McKelvey, Queen's Marque, 600-1741 Lower Water St., Halifax, NS B3J 0J2, attention: Colleen P. Keyes.

Documents delivered to this address are considered received by the Applicant.

Further contact information is available from the Prothonotary.

**Signature**

Signed this 23<sup>rd</sup> day of November, 2020.



\_\_\_\_\_  
Colleen P. Keyes  
Stewart McKelvey  
Counsel for the Applicant,  
Clearwater Seafoods Incorporated

**Prothonotary's certificate**

I certify that this notice of application was filed with the Court on November 23, 2020.



\_\_\_\_\_  
PROTHONOTARY

LIANNA WEATHERBEE  
Deputy Prothonotary

## **APPENDIX F DISSENT PROVISIONS OF THE CBCA**

### **Section 190 of the CBCA**

#### **190(1) Right to dissent**

Subject to Sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under Section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under Section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under Section 184;
- (d) be continued under Section 188;
- (e) sell, lease or exchange all or substantially all its property under Subsection 189(3);  
or
- (f) carry out a going-private transaction or a squeeze-out transaction.

#### **190(2) Further right**

A holder of shares of any class or series of shares entitled to vote under Section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

#### **190(2.1) If one class of shares**

The right to dissent described in Subsection (2) applies even if there is only one class of shares.

#### **190(3) Payment for shares**

In addition to any other right the shareholder may have, but subject to Subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under Subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

#### **190(4) No partial dissent**

A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**190(5) Objection**

A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in Subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

**190(6) Notice of resolution**

The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in Subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

**190(7) Demand for payment**

A dissenting shareholder shall, within twenty days after receiving a notice under Subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

**190(8) Share certificate**

A dissenting shareholder shall, within thirty days after sending a notice under Subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

**190(9) Forfeiture**

A dissenting shareholder who fails to comply with Subsection (8) has no right to make a claim under this section.

**190(10) Endorsing certificate**

A corporation or its transfer agent shall endorse on any share certificate received under Subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

**190(11) Suspension of rights**

- (a) On sending a notice under Subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where
- (b) the shareholder withdraws that notice before the corporation makes an offer under Subsection (12),

- (c) the corporation fails to make an offer in accordance with Subsection (12) and the shareholder withdraws the notice, or
- (d) the directors revoke a resolution to amend the articles under Subsection 173(2) or 174(5), terminate an amalgamation agreement under Subsection 183(6) or an application for continuance under Subsection 188(6), or abandon a sale, lease or exchange under Subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

#### **190(12) Offer to pay**

A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in Subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if Subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

#### **190(13) Same terms**

Every offer made under Subsection (12) for shares of the same class or series shall be on the same terms.

#### **190(14) Payment**

Subject to Subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under Subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

#### **190(15) Corporation may apply to court**

Where a corporation fails to make an offer under Subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

#### **190(16) Shareholder application to court**

If a corporation fails to apply to a court under Subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

#### **190(17) Venue**

An application under Subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

**190(18) No security for costs**

A dissenting shareholder is not required to give security for costs in an application made under Subsection (15) or (16).

**190(19) Parties**

On an application to a court under Subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

**190(20) Powers of court**

On an application to a court under Subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

**190(21) Appraisers**

A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

**190(22) Final order**

The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

**190(23) Interest**

A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

**190(24) Notice that Subsection (26) applies**

If Subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under Subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**190(25) Effect where Subsection (26) applies**

If Subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under Subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**190(26) Limitation**

A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.