

Certificate of Arrangement

Certificat d'arrangement

Business Corporations Act

Loi sur les sociétés par actions

GREENFIRST FOREST PRODUCTS INC.

Corporation Name / Dénomination sociale

1000123093

Ontario Corporation Number / Numéro de société de l'Ontario

This is to certify that these articles are effective on

La présente vise à attester que ces statuts entreront en
vigueur le

November 04, 2024 / 04 novembre 2024

V. Quintanilla W.

Director / Directeur

Business Corporations Act / Loi sur les sociétés par actions

The Certificate of Arrangement is not complete
without the Articles of Arrangement

Certified a true copy of the record of the
Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar



Le certificat d'arrangement n'est pas complet s'il
ne contient pas les statuts d'arrangement

Copie certifiée conforme du dossier du
ministère des Services au public et aux
entreprises.

V. Quintanilla W.

Directeur ou registrateur



Articles of Arrangement

Business Corporations Act

Corporation Name (Date of Incorporation/Amalgamation)

GREENFIRST FOREST PRODUCTS INC. (February 23, 2022)

1. The arrangement has been approved by the shareholders of the corporation in accordance with section 182 of the Business Corporations Act
2. A copy of the plan of arrangement is attached to these articles as Exhibit "A"
3. The arrangement was approved by the court and a certified copy of the Order of the court is attached to these articles as Exhibit "B"
4. The terms and conditions of the arrangement, if any, have been complied with in accordance with the order.

The articles have been properly executed by the required person(s).

Supporting Document -Exhibit "A" - Copy of the plan of Arrangement

The endorsed Articles of Arrangement are not complete without the Certificate of Arrangement.
Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar, Ministry of Public and Business Service Delivery

Supporting Document -Exhibit "B" - A certified copy of the Order of the court

The endorsed Articles of Arrangement are not complete without the Certificate of Arrangement.
Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar, Ministry of Public and Business Service Delivery

**PLAN OF ARRANGEMENT UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of the Arrangement Agreement and this Plan of Arrangement;

“**Arrangement Agreement**” means the arrangement agreement dated effective August 16, 2024, between the Parties with respect to the Arrangement, and all amendments thereto to which this Schedule “A” – Plan of Arrangement is attached;

“**Arrangement Provisions**” means Section 182 of the OBCA;

“**Arrangement Resolution**” means the special resolution in respect to the Arrangement and other related matters to be considered at the GreenFirst Meeting;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required under Section 183(1) of the OBCA to be sent to the Director after the Final Order has been granted, giving effect to the Arrangement;

“**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Toronto, Ontario are not generally open for business;

“**Court**” means the Supreme Court of Justice of Ontario;

“**Depository**” means Computershare Investor Services Inc.;

“**Dissent Procedures**” means the rules pertaining to the exercise of Dissent Rights as set forth in Section 185 of the OBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order;

“**Dissent Rights**” means the right of a registered GreenFirst Shareholder as at the Record Date to dissent from the Arrangement Resolution pursuant to, and in the manner set forth in, Section 185 of the OBCA, as the same may be modified by the Interim Order and the Final Order and to be paid the fair value of the GreenFirst Shares in respect of which the holder has validly exercised dissent rights;

“**Dissenting Shareholder**” means a registered GreenFirst Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Procedures and whose Dissent Rights remain valid immediately prior to the Effective Time, but only in respect of the GreenFirst Shares in respect of which Dissent Rights are validly exercised by such registered GreenFirst Shareholder;

“**Dissenting Shares**” means the GreenFirst Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

“**Effective Date**” means the date the Arrangement becomes effective under the OBCA;

“**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as agreed in writing by GreenFirst and KapCorp;

“**Encumbrance**” means any lien, charge, claim, adverse interest, security interest, third party right or encumbrance of any kind or nature;

“**Final Order**” means the order of the Court approving the Arrangement after being informed of the intention to rely upon Section 3(a)(10) Exemption and similar exemptions from applicable United States securities laws with respect to the issuance of the New GreenFirst Shares and the KapCorp Shares to be issued and distributed to GreenFirst Shareholders in the United States, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Final Proscription Date**” has the meaning given to it in Section 6.4 of this Plan of Arrangement;

“**GreenFirst**” means GreenFirst Forest Products Inc;

“**GreenFirst Class A Shares**” means the renamed and re-designated GreenFirst Shares as described in Section 3.1 of this Plan of Arrangement;

“**GreenFirst DSU Holder**” means a holder of GreenFirst DSUs and/or GreenFirst Replacement DSUs;

“**GreenFirst DSUs**” means the deferred share units exchangeable for GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“**GreenFirst Meeting**” means the special meeting of the GreenFirst Shareholders to be held on September 12, 2024, and any adjournment(s) or postponement(s) thereof;

“**GreenFirst Option Holder**” means a holder of GreenFirst Options and/or GreenFirst Replacement Options;

“**GreenFirst Options**” means the stock options to acquire GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“**GreenFirst Replacement Options**” means an option to acquire a New GreenFirst Share to be issued by GreenFirst to a holder of a GreenFirst Option pursuant to Section 3.1 of this Plan of Arrangement;

“**GreenFirst RSU Holder**” means a holder of GreenFirst RSUs and/or GreenFirst Replacement RSUs;

“**GreenFirst RSUs**” means the restricted share units exchangeable for GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“**GreenFirst Shares**” means the common shares without par value in the authorized share capital of GreenFirst, as constituted on the date of this Agreement;

“**GreenFirst Shareholders**” means the holders from time to time of GreenFirst Shares;

“**GreenFirst Warrant Certificates**” means the warrant certificates representing the GreenFirst Warrants;

“**GreenFirst Warrantholder**” means a holder of GreenFirst Warrants;

“**GreenFirst Warrants**” means the share purchase warrants of GreenFirst exercisable to acquire GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;

“**Information Circular**” means the management proxy circular of GreenFirst to be sent by GreenFirst to the GreenFirst Shareholders in connection with the GreenFirst Meeting;

“**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of GreenFirst, containing declarations and directions with respect to the Arrangement and the holding of the GreenFirst Meeting after being informed of the intention to rely upon Section 3(a)(10) Exemption and similar exemptions from applicable United States securities laws with respect to the issuance of the New GreenFirst Shares and the KapCorp Shares to be issued and distributed to GreenFirst Shareholders in the United States, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**KapCorp**” means Kap Corporation, a public company incorporated under the OBCA;

“**KapCorp Shares**” means the common shares without par value in the authorized share structure of KapCorp;

“**KapCorp Stock Option Plan**” means the proposed common share purchase option plan of KapCorp, which is subject to GreenFirst Shareholder approval;

“**Letter of Transmittal**” means the letter of transmittal in respect of the Arrangement to be sent to GreenFirst Shareholders together with the Information Circular;

“**New GreenFirst Shares**” has the meaning set out in Section 3.1(b)(i)(B) of this Plan of Arrangement;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

“**Plan of Arrangement**” means this plan of arrangement as amended or supplemented from time to time;

“**Pre-Arrangement Consolidation**” means the proposed consolidation of GreenFirst Shares on the basis of one (1) post-consolidation GreenFirst Share for each ten (10) pre-consolidation GreenFirst Shares or such other ratio as determined by the board of directors of GreenFirst, which consolidation is expected to be completed prior to the Effective Date;

“**Pre-Arrangement Steps**” has the meaning set forth in Section 3.8 of the Arrangement Agreement

“**Section 3(a)(10) Exemption**” means the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) of the U.S. Securities Act;

“**Share Distribution Record Date**” means the close of business on the day which is four Business Days after the date of the GreenFirst Meeting or such other date as agreed to by GreenFirst, which date establishes the GreenFirst Shareholders who will be entitled to receive New GreenFirst Shares and KapCorp Shares pursuant to this Plan of Arrangement;

“**Tax Act**” means the Income Tax Act (Canada) and the regulations thereunder, all as amended from time to time;

“**Transfer Agent**” means Computershare Investor Services Inc., the registrar and transfer agent of GreenFirst; and

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 Words and phrases used herein and defined in the OBCA will have the same meaning herein as in the OBCA, unless the context otherwise requires.
- 1.6 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.7 All amounts of money which are referred to in this Plan of Arrangement are expressed in lawful money of Canada.
- 1.8 Unless otherwise stated, all accounting terms used in this Plan of Arrangement will have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature that are required to be made will be made in a manner consistent with IFRS.
- 1.9 References in this Plan of Arrangement to any statute or sections thereof will include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.10 References in this Plan of Arrangement to any other agreement, instrument or other document will include such agreement, instrument or other document as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.
- 1.11 This Plan of Arrangement will be governed by and be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the principles of conflict of laws thereof. All disputes relating in any way to this Plan of Arrangement will be resolved by the Courts of Ontario. The parties expressly waive any objection based on personal jurisdiction, venue or forum non conveniens.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.

- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the GreenFirst Shareholders.

ARTICLE 3 ARRANGEMENT

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
- (a) each GreenFirst Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a “**Dissenting Share**”) will be directly transferred and assigned by such Dissenting Shareholder to GreenFirst, without any further act or formality and free and clear of any Encumbrance, and:
 - (i) such GreenFirst Share will be cancelled and cease to be outstanding;
 - (ii) such Dissenting Shareholder’s name shall be removed from the register of holders of GreenFirst Shares maintained by or on behalf of GreenFirst as it relates to the Dissenting Shares so transferred; and
 - (iii) such Dissenting Shareholder will cease to have any rights as a GreenFirst Shareholder other than the right to be paid the fair value for his, her or its GreenFirst Shares by GreenFirst in accordance with Article 5 of this Plan of Arrangement;
 - (b) GreenFirst shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act as follows, with the steps occurring in the following order:
 - (i) the authorized share capital and articles of GreenFirst will be amended by:
 - (A) renaming and redesignating all of the issued and unissued GreenFirst Shares as “Class A common shares without par value, with two (2) votes per share” (the “**GreenFirst Class A Common Shares**”) and, concurrently therewith, outside of and not as part of this Plan of Arrangement, the GreenFirst Class A Common Shares will be represented for listing purposes on the TSX by the continued listing of the GreenFirst Shares; and
 - (B) creating a new class of shares consisting of an unlimited number of “common shares without par value” (the “**New GreenFirst Shares**”) which shares shall be unlimited in number and have special rights and restrictions identical to those of the GreenFirst Shares immediately prior to giving effect to Section 3.1(b)(i)(A) hereof;
 - (ii) each issued and outstanding GreenFirst Class A Common Share outstanding immediately following giving effect to Section 3.1(b)(i)(A) shall be surrendered and transferred by the holder thereof to GreenFirst (free and clear of any Encumbrances) in exchange for, as the sole consideration therefor:
 - (A) one New GreenFirst Share; and

- (B) 0.1 KapCorp Shares held by GreenFirst (other than any KapCorp Shares set aside pursuant to Section 5.3 and subject to Section 3.8), and:
- (C) the holders of GreenFirst Class A Common Shares will be removed from the register of holders of GreenFirst Class A Common Shares and will be added to the register of holders of New GreenFirst Shares as the holders of the number of New GreenFirst Shares that they have received on the exchange set forth pursuant to Section 3.1(b)(ii)(A);
- (D) the KapCorp Shares transferred to the former holders of GreenFirst Class A Common Shares pursuant to Section 3.1(b)(ii)(B) will be registered in the name of such former holders;
- (E) GreenFirst shall cease to be a holder of the KapCorp Shares transferred to the former holders of GreenFirst Class A Common Shares pursuant to Section 3.1(b)(ii)(B) and shall be removed in respect of such KapCorp Shares from the register of holders of KapCorp Shares maintained by or on behalf of KapCorp; and
- (F) concurrently with the exchange in Section 3.1(b)(ii), the stated capital account maintained in respect of the GreenFirst Class A Common Shares shall be reduced to nil and there shall be added to the stated capital account of the New GreenFirst Shares issued pursuant to Section 3.1(b)(ii) the amount by which (A) the amount of the reduction of the stated capital account of the GreenFirst Class A Common Shares pursuant to this Section 3.1(b)(ii)(F) exceeds (B) the fair market value, at the Effective Time, of the KapCorp Shares distributed pursuant to Section 3.1(b)(ii) to the former holders of GreenFirst Class A Common Shares.

For greater certainty, the exchange of GreenFirst Class A Common Shares for New GreenFirst Shares and KapCorp Shares pursuant to Section 3.1(c)(ii) is intended to be governed by Section 86 of the Tax Act; and

- (iii) the GreenFirst Class A Common Shares, none of which will be issued or outstanding once the exchange in Section 3.1(b)(ii)(A) above is completed, will be cancelled and the appropriate entries made in the register of holders of GreenFirst Class A Common Shares and the authorized share structure and articles of GreenFirst will be amended by eliminating the GreenFirst Class A Common Shares;
- (c) each GreenFirst Option outstanding immediately prior to this Section 3.1(c) shall be, and shall be deemed to be, simultaneously surrendered and transferred by the holder thereof to GreenFirst (free and clear of any Encumbrances) and exchanged for, as the sole consideration therefor, one GreenFirst Replacement Option to acquire one New GreenFirst Share having an exercise price equal to the exercise price of the GreenFirst Option so exchanged immediately before the exchange of such GreenFirst Option provided that:
 - (i) the exercise prices for such GreenFirst Replacement Option shall be further adjusted to the extent required to ensure that the fair market value of the GreenFirst Replacement Option immediately after the exchange does not exceed the fair

market value of the GreenFirst Option so exchanged immediately before the exchange of such GreenFirst Option;

- (ii) the holder of a GreenFirst Replacement Option will receive no consideration other than the GreenFirst Replacement Option in respect of the transfer of the GreenFirst Option pursuant to this Section 3.1(c); and
- (iii) the GreenFirst Options so transferred to GreenFirst pursuant to this Section 3.1(c) shall be cancelled.

For greater certainty, it is intended that subsection 7(1.4) of the Tax Act apply to the exchange of GreenFirst Options and that, in the case of a GreenFirst Option Holder subject to United States federal income taxation, such exchange also satisfy the relevant requirements of Section 409A or 424 of the United States Internal Revenue Code of 1986, as amended, and corresponding United States Treasury Regulations. The parties are authorized to make any amendments or adjustments to the Plan of Arrangement they consider necessary to satisfy subsection 7(1.4) of the Tax Act and Sections 409A and 424 of the Internal Revenue Code;

- (d) each GreenFirst DSU outstanding immediately prior to this Section 3.1(d) shall be amended to acquire one New GreenFirst Share on redemption;
 - (e) each GreenFirst RSU outstanding immediately prior to this Section 3.1(e) shall be amended to acquire one New Common Share on redemption; and
 - (f) in accordance with the terms of the GreenFirst Warrant Certificates, as the case may be, each holder of GreenFirst Warrants outstanding immediately prior to the Effective Time shall receive (and such holder shall accept) upon the exercise of such holder's GreenFirst Warrants, in lieu of the GreenFirst Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of New GreenFirst Shares and KapCorp Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of GreenFirst Shares to which such holder was theretofore entitled upon exercise of such GreenFirst Warrants; and such GreenFirst Warrant shall continue to be governed by and be subject to the terms of the GreenFirst Warrant Indentures and/or GreenFirst Warrant Certificates, as the case may be.
- 3.2 Notwithstanding any other provision of this Arrangement, no fractional KapCorp Shares will be distributed to the GreenFirst Shareholders, and, as a result, all fractional amounts arising under this Plan of Arrangement will be rounded down to the next whole number without any compensation therefor. Any KapCorp Shares not distributed as a result of so rounding down will be cancelled by KapCorp.
- 3.3 In Section 3.1(b)(ii) above, the reference to a holder of a GreenFirst Class A Common Share will mean a person who is a holder of a GreenFirst Share on the Share Distribution Record Date, subject to the provisions of Article 5 below. Any GreenFirst Shares traded after the Share Distribution Record Date will represent New GreenFirst Shares as of the Effective Date and shall not carry any rights to receive KapCorp Shares.

- 3.4 All New GreenFirst Shares issued pursuant hereto will be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the OBCA.
- 3.5 Notwithstanding that the transactions and events set out in Section 3.1 above, unless explicitly stated otherwise, will occur and will be deemed to occur in the chronological order therein set out without any act or formality, each of GreenFirst and KapCorp will be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1 above, at each of their sole cost and expense pursuant to Section 9.3 of the Arrangement Agreement, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers, and agreements for equity compensation securities.
- 3.6 Each of GreenFirst, KapCorp and the Depositary will be entitled to deduct and withhold from any cash payment or any issue, transfer or distribution of New GreenFirst Shares, KapCorp Shares, or GreenFirst Replacement Options made pursuant to this Plan of Arrangement such amounts as may be required to be deducted and withheld pursuant to the Tax Act or any other applicable law, and any amount so deducted and withheld will be deemed for all purposes of this Plan of Arrangement to be paid, issued, transferred or distributed to the person entitled thereto under the Plan of Arrangement. Without limiting the generality of the foregoing, any New GreenFirst Shares or KapCorp Shares so deducted and withheld may be sold on behalf of the person entitled to receive them for the purpose of generating cash proceeds, net of brokerage fees and other reasonable expenses, sufficient to satisfy all remittance obligations relating to the required deduction and withholding, and any cash remaining after such remittance will be paid to the person forthwith.
- 3.7 Any exchange or transfer of securities pursuant to this Plan of Arrangement will be free and clear of any liens, restrictions, charges, pledges, leases, hypothecations, security interests, encumbrances, adverse claims or other claims of third parties of any kind.
- 3.8 The Arrangement set out in Section 3.1 is based on the assumption that the Pre-Arrangement Consolidation and the Pre-Arrangement Steps have been completed prior to the Effective Date and that adjustment provisions under the terms of the GreenFirst Warrants, as applicable, relating to the Pre-Arrangement Consolidation have become effective prior to the Effective Date. To the extent the Pre-Arrangement Consolidation has not been completed on the Effective Date, the fraction set out in Section 3.1(b)(ii)(B) for the purposes of the exchange of GreenFirst Class A Common Shares, being 0.1, shall be adjusted and be equal to 0.01.
- 3.9 The Court will be advised that the Arrangement will be carried out with the intention that all securities issued and exchanged in a transaction exempt from registration under the U.S. Securities Act on completion of the Arrangement will be issued and exchanged in reliance on the Section 3(a)(10) Exemption.

ARTICLE 4 CERTIFICATES

- 4.1 Recognizing that the GreenFirst Shares shall be redeemed and re-designated as GreenFirst Class A Shares pursuant to Section 3.1(b)(i) and that the GreenFirst Class A Shares shall be exchanged partially for New GreenFirst Shares pursuant to Section 3.1(b)(ii), GreenFirst shall not issue replacement share certificates representing the GreenFirst Class A Shares.

- 4.2 As soon as practicable following the Effective Date, KapCorp will deliver or cause to be delivered to the Depository one or more certificates and/or Direct Registration Statements representing the aggregate number of KapCorp Common Shares required to be distributed to registered holders of GreenFirst Shares as at immediately prior to the Effective Time in accordance with the provisions of Section 3.1(b)(ii) above, which certificates and/or Direct Registration Statements will be held by the Depository as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 below.
- 4.3 As soon as practicable following the Effective Date, GreenFirst will deliver or cause to be delivered to the Depository one or more certificates and/or Direct Registration Statements representing the aggregate number of New GreenFirst Shares required to be issued to registered holders of GreenFirst Shares as at immediately prior to the Effective Time in accordance with the provisions of Section 3.1 above, which certificates and/or Direct Registration Statements will be held by the Depository as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 below.
- 4.4 The agreements, if any, for the GreenFirst DSUs, GreenFirst RSUs and GreenFirst Options will be deemed to be amended to reflect the amendments and new terms as described in Section 3.1 of this Plan of Arrangement.

ARTICLE 5 DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding Section 3.1 hereof, holders of GreenFirst Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in section 185 of the OBCA (collectively, the “**Dissent Procedures**”).
- 5.2 GreenFirst Shareholders who duly exercise Dissent Rights with respect to their GreenFirst Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to GreenFirst for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting GreenFirst Shareholder and shall receive KapCorp Shares on the same basis as every other non-dissenting GreenFirst Shareholder, and in no case shall GreenFirst be required to recognize such person as holding GreenFirst Shares on or after the Effective Date.
- 5.3 If a GreenFirst Shareholder exercises the Dissent Right, GreenFirst shall on the Effective Date set aside and not distribute that portion of the KapCorp Shares that is attributable to the GreenFirst Shares for which the Dissent Right has been exercised. If the dissenting GreenFirst Shareholder is ultimately not entitled to be paid for their Dissenting Shares, GreenFirst shall distribute to such GreenFirst Shareholder his, her or its *pro-rata* portion of the respective KapCorp Shares. If a GreenFirst Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then GreenFirst shall retain the portion of the KapCorp Shares attributable to such GreenFirst Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of GreenFirst in its absolute discretion.

ARTICLE 6 DELIVERY OF SECURITIES

6.1

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding GreenFirst Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary will deliver to such holder following the Effective Time, a certificate representing the New GreenFirst Shares and a certificate representing the KapCorp Shares that such holder is entitled to receive in accordance with Section 3.1 above.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by Section 6.1(a) above, each certificate that immediately prior to the Effective Time represented one or more GreenFirst Shares will be deemed at all times to represent only the right to receive in exchange therefor a certificate representing the New GreenFirst Shares and a certificate representing the KapCorp Common Shares that such holder is entitled to receive in accordance with Section 3.1 above.

6.2

If any certificate that immediately prior to the Effective Time represented one or more outstanding GreenFirst Shares that were exchanged for New GreenFirst Shares and KapCorp Shares in accordance with Section 3.1 above, will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the New GreenFirst Shares and KapCorp Shares that such holder is entitled to receive in accordance with Section 3.1 above. When authorizing such delivery of New GreenFirst Shares and KapCorp Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such securities are to be delivered will, as a condition precedent to the delivery of such New GreenFirst Shares and KapCorp Shares give a bond satisfactory to GreenFirst, KapCorp and the Depositary in such amount as GreenFirst, KapCorp and the Depositary may direct, or otherwise indemnify GreenFirst, KapCorp and the Depositary in a manner satisfactory to GreenFirst, KapCorp and the Depositary, against any claim that may be made against GreenFirst, KapCorp or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

6.3

No dividend or other distribution declared or made after the Effective Time with respect to New GreenFirst Shares or KapCorp Shares with a record date after the Effective Time will be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding GreenFirst Shares unless and until the holder of such certificate will have complied with the provisions of either of Section 6.1 or 6.2 above. Subject to applicable law and to Section 3.6 above, at the time of such compliance, there will, in addition to the delivery of the New GreenFirst Shares and KapCorp Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New GreenFirst Shares and/or KapCorp Shares, as applicable.

6.4

To the extent that a former GreenFirst Shareholder will not have complied with the provisions of either of Section 6.1 or 6.2 above, as applicable, on or before the date that is six (6) years after the Effective Date (the “**Final Proscription Date**”), then the New GreenFirst Shares and KapCorp Shares that such former GreenFirst Shareholder was entitled to receive will be automatically

cancelled without any repayment of capital in respect thereof and the New GreenFirst Shares and KapCorp Shares to which such GreenFirst Shareholder was entitled, will be delivered to KapCorp (in the case of the KapCorp Common Shares) or GreenFirst (in the case of the New GreenFirst Shares) by the Depository and certificates representing such New GreenFirst Shares and KapCorp Shares will be cancelled by GreenFirst and KapCorp, as applicable, and the interest of the former GreenFirst Shareholder in such New GreenFirst Shares and KapCorp Shares or to which it was entitled will be terminated as of such Final Proscription Date.

6.5 GreenFirst and KapCorp acknowledge and agree that:

- (a) from and after the Effective Date, each GreenFirst Warrant shall entitle the holder to receive, upon due exercise thereof, for the exercise price immediately prior to the Effective Time:
 - (i) one New GreenFirst Share for each GreenFirst Share that was issuable upon due exercise of the GreenFirst Warrant immediately prior to the Effective Time; and
 - (ii) 0.1 KapCorp Shares for each GreenFirst Share that was issuable upon due exercise of the GreenFirst Warrant immediately prior to the Effective Time

and KapCorp hereby covenants that it shall forthwith upon receipt of written notice from GreenFirst from time to time issue, as directed by GreenFirst, that number of KapCorp Shares as may be required to satisfy the foregoing;

- (b) GreenFirst shall, as agent for KapCorp, collect and pay to KapCorp an amount for each 0.1 KapCorp Common Shares so issued that is equal to the exercise price under the GreenFirst Warrant multiplied by the fair market value of 0.1 KapCorp Shares at the Effective Time divided by the fair market value of a GreenFirst Share at the Effective Time; and
- (c) the terms and conditions applicable to the GreenFirst Warrants, immediately after the Effective Time, will otherwise remain unchanged from the terms and conditions of the GreenFirst Warrants as they exist immediately before the Effective Time.

ARTICLE 7 AMENDMENTS

7.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:

- (i) set out in writing;
- (ii) filed with the Court and, if made following the GreenFirst Meeting, approved by the Court; and
- (iii) communicated to holders of GreenFirst Shares if and as required by the Court.

7.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by GreenFirst at any time prior to the GreenFirst Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the GreenFirst Meeting

(other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- 7.3 GreenFirst, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the GreenFirst Meeting and prior to the Effective Date with the approval of the Court.
- 7.4 Any amendment, modification or supplement to this Plan of Arrangement, if agreed upon by GreenFirst and KapCorp, may be proposed by GreenFirst and KapCorp after the GreenFirst Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the GreenFirst Meeting will be effective and will become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by GreenFirst, provided that it concerns a matter which, in the reasonable opinion of GreenFirst and KapCorp, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of GreenFirst Shares, KapCorp Shares or GreenFirst Warrants.
- 7.5 Notwithstanding any prior approvals by the Court or by GreenFirst Shareholders, the board of directors of GreenFirst may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Effective Time, without further approval of, or notice to, the Court or the GreenFirst Shareholders.

ARTICLE 8 REFERENCE DATE

- 8.1 This plan of arrangement is dated for reference the 16th day of August, 2024.



Court File No. CV-24-00724396-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 1st DAY
)
JUSTICE W.D. BLACK) OF OCTOBER, 2024
)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *ONTARIO BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED

AND IN THE MATTER OF AN APPLICATION UNDER RULE 14.05(2) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF GREENFIRST FOREST PRODUCTS INC.

(Court Seal)

GREENFIRST FOREST PRODUCTS INC.

Applicant

ORDER

THIS APPLICATION made by the Applicant, GreenFirst Forest Products Inc. ("GreenFirst"), pursuant to section 182 of the *Ontario Business Corporations Act*, R.S.O. 1990, s. B.16, as amended, (the "OBCA") was heard this day via videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application issued on July 24, 2024 and the affidavit of Joel Fournier sworn August 17, 2024, the supplementary affidavit of Joel Fournier sworn

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September 27, 2024 together with the exhibits thereto and the Interim Order of the Honourable Justice Black dated August 23, 2024,

ON HEARING the submissions of counsel for GreenFirst and on being advised that the Director appointed under the OBCA does not consider it necessary to appear on this application, no-one appearing for any other person, including any shareholder of GreenFirst, and having determined that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order is an arrangement for the purposes of section 182 of the OBCA and is fair and reasonable in accordance with the requirements of that section, and

ON BEING ADVISED THAT GreenFirst intends to rely on this order for the purposes of an exemption pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, with respect to the issuance of new shares (as defined in the Plan of Arrangement) to holders of common shares in the capital of GreenFirst pursuant to the Arrangement,

1. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order, shall be and is hereby approved.
2. **THIS COURT ORDERS** that the Applicant shall be entitled to seek leave to vary this order upon such terms as are reasonable upon giving notice as this court may direct, to seek the advice and directions of this court in relation to any such variation, and to apply for such further order or orders as may be appropriate.



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SCHEDULE A

PLAN OF ARRANGEMENT UNDER SECTION 182 OF THE ONTARIO BUSINESS CORPORATIONS ACT

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**PLAN OF ARRANGEMENT UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“Arrangement”, “herein”, “hereof”, “hereto”, “hereunder” and similar expressions mean and refer to the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of the Arrangement Agreement and this Plan of Arrangement;

“Arrangement Agreement” means the arrangement agreement dated effective August 16, 2024, between the Parties with respect to the Arrangement, and all amendments thereto to which this Schedule “A” – Plan of Arrangement is attached;

“Arrangement Provisions” means Section 182 of the OBCA;

“Arrangement Resolution” means the special resolution in respect to the Arrangement and other related matters to be considered at the GreenFirst Meeting;

“Articles of Arrangement” means the articles of arrangement in respect of the Arrangement required under Section 183(1) of the OBCA to be sent to the Director after the Final Order has been granted, giving effect to the Arrangement;

“Business Day” means a day other than a Saturday, Sunday or other than a day when banks in the City of Toronto, Ontario are not generally open for business;

“Court” means the Supreme Court of Justice of Ontario;

“Depository” means Computershare Investor Services Inc.;

“Dissent Procedures” means the rules pertaining to the exercise of Dissent Rights as set forth in Section 185 of the OBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order;

“Dissent Rights” means the right of a registered GreenFirst Shareholder as at the Record Date to dissent from the Arrangement Resolution pursuant to, and in the manner set forth in, Section 185 of the OBCA, as the same may be modified by the Interim Order and the Final Order and to be paid the fair value of the GreenFirst Shares in respect of which the holder has validly exercised dissent rights;

“Dissenting Shareholder” means a registered GreenFirst Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Procedures and whose Dissent Rights remain valid immediately prior to the Effective Time, but only in respect of the GreenFirst Shares in respect of which Dissent Rights are validly exercised by such registered GreenFirst Shareholder;

“Dissenting Shares” means the GreenFirst Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

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“Effective Date” means the date the Arrangement becomes effective under the OBCA;

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as agreed in writing by GreenFirst and KapCorp;

“Encumbrance” means any lien, charge, claim, adverse interest, security interest, third party right or encumbrance of any kind or nature;

“Final Order” means the order of the Court approving the Arrangement after being informed of the intention to rely upon Section 3(a)(10) Exemption and similar exemptions from applicable United States securities laws with respect to the issuance of the New GreenFirst Shares and the KapCorp Shares to be issued and distributed to GreenFirst Shareholders in the United States, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“Final Proscription Date” has the meaning given to it in Section 6.4 of this Plan of Arrangement;

“GreenFirst” means GreenFirst Forest Products Inc;

“GreenFirst Class A Shares” means the renamed and re-designated GreenFirst Shares as described in Section 3.1 of this Plan of Arrangement;

“GreenFirst DSU Holder” means a holder of GreenFirst DSUs and/or GreenFirst Replacement DSUs;

“GreenFirst DSUs” means the deferred share units exchangeable for GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“GreenFirst Meeting” means the special meeting of the GreenFirst Shareholders to be held on September 12, 2024, and any adjournment(s) or postponement(s) thereof;

“GreenFirst Option Holder” means a holder of GreenFirst Options and/or GreenFirst Replacement Options;

“GreenFirst Options” means the stock options to acquire GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“GreenFirst Replacement Options” means an option to acquire a New GreenFirst Share to be issued by GreenFirst to a holder of a GreenFirst Option pursuant to Section 3.1 of this Plan of Arrangement;

“GreenFirst RSU Holder” means a holder of GreenFirst RSUs and/or GreenFirst Replacement RSUs;

“GreenFirst RSUs” means the restricted share units exchangeable for GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“GreenFirst Shares” means the common shares without par value in the authorized share capital of GreenFirst, as constituted on the date of this Agreement;

“GreenFirst Shareholders” means the holders from time to time of GreenFirst Shares;

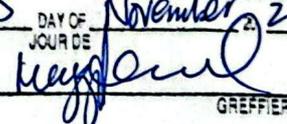
“GreenFirst Warrant Certificates” means the warrant certificates representing the GreenFirst Warrants;

“GreenFirst Warrantholder” means a holder of GreenFirst Warrants;

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“GreenFirst Warrants” means the share purchase warrants of GreenFirst exercisable to acquire GreenFirst Shares that are outstanding immediately prior to the Effective Time;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;

“Information Circular” means the management proxy circular of GreenFirst to be sent by GreenFirst to the GreenFirst Shareholders in connection with the GreenFirst Meeting;

“Interim Order” means an interim order of the Court concerning the Arrangement in respect of GreenFirst, containing declarations and directions with respect to the Arrangement and the holding of the GreenFirst Meeting after being informed of the intention to rely upon Section 3(a)(10) Exemption and similar exemptions from applicable United States securities laws with respect to the issuance of the New GreenFirst Shares and the KapCorp Shares to be issued and distributed to GreenFirst Shareholders in the United States, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“KapCorp” means Kap Corporation, a public company incorporated under the OBCA;

“KapCorp Shares” means the common shares without par value in the authorized share structure of KapCorp;

“KapCorp Stock Option Plan” means the proposed common share purchase option plan of KapCorp, which is subject to GreenFirst Shareholder approval;

“Letter of Transmittal” means the letter of transmittal in respect of the Arrangement to be sent to GreenFirst Shareholders together with the Information Circular;

“New GreenFirst Shares” has the meaning set out in Section 3.1(b)(i)(B) of this Plan of Arrangement;

“OBCA” means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

“Plan of Arrangement” means this plan of arrangement as amended or supplemented from time to time;

“Pre-Arrangement Consolidation” means the proposed consolidation of GreenFirst Shares on the basis of one (1) post-consolidation GreenFirst Share for each ten (10) pre-consolidation GreenFirst Shares or such other ratio as determined by the board of directors of GreenFirst, which consolidation is expected to be completed prior to the Effective Date;

“Pre-Arrangement Steps” has the meaning set forth in Section 3.8 of the Arrangement Agreement

“Section 3(a)(10) Exemption” means the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) of the U.S. Securities Act;

“Share Distribution Record Date” means the close of business on the day which is four Business Days after the date of the GreenFirst Meeting or such other date as agreed to by GreenFirst, which date establishes the GreenFirst Shareholders who will be entitled to receive New GreenFirst Shares and KapCorp Shares pursuant to this Plan of Arrangement;

“Tax Act” means the Income Tax Act (Canada) and the regulations thereunder, all as amended from time to time;

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“Transfer Agent” means Computershare Investor Services Inc., the registrar and transfer agent of GreenFirst; and

“U.S. Securities Act” means the United States Securities Act of 1933, as amended.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 Words and phrases used herein and defined in the OBCA will have the same meaning herein as in the OBCA, unless the context otherwise requires.
- 1.6 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.7 All amounts of money which are referred to in this Plan of Arrangement are expressed in lawful money of Canada.
- 1.8 Unless otherwise stated, all accounting terms used in this Plan of Arrangement will have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature that are required to be made will be made in a manner consistent with IFRS.
- 1.9 References in this Plan of Arrangement to any statute or sections thereof will include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.10 References in this Plan of Arrangement to any other agreement, instrument or other document will include such agreement, instrument or other document as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.
- 1.11 This Plan of Arrangement will be governed by and be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the principles of conflict of laws thereof. All disputes relating in any way to this Plan of Arrangement will be resolved by the Courts of Ontario. The parties expressly waive any objection based on personal jurisdiction, venue or forum non conveniens.

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.

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2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the GreenFirst Shareholders.

ARTICLE 3 ARRANGEMENT

3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:

(a) each GreenFirst Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a "Dissenting Share") will be directly transferred and assigned by such Dissenting Shareholder to GreenFirst, without any further act or formality and free and clear of any Encumbrance, and:

- (i) such GreenFirst Share will be cancelled and cease to be outstanding;
- (ii) such Dissenting Shareholder's name shall be removed from the register of holders of GreenFirst Shares maintained by or on behalf of GreenFirst as it relates to the Dissenting Shares so transferred; and
- (iii) such Dissenting Shareholder will cease to have any rights as a GreenFirst Shareholder other than the right to be paid the fair value for his, her or its GreenFirst Shares by GreenFirst in accordance with Article 5 of this Plan of Arrangement;

(b) GreenFirst shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act as follows, with the steps occurring in the following order:

- (i) the authorized share capital and articles of GreenFirst will be amended by:
 - (A) renaming and redesignating all of the issued and unissued GreenFirst Shares as "Class A common shares without par value, with two (2) votes per share" (the "GreenFirst Class A Common Shares") and, concurrently therewith, outside of and not as part of this Plan of Arrangement, the GreenFirst Class A Common Shares will be represented for listing purposes on the TSX by the continued listing of the GreenFirst Shares; and
 - (B) creating a new class of shares consisting of an unlimited number of "common shares without par value" (the "New GreenFirst Shares") which shares shall be unlimited in number and have special rights and restrictions identical to those of the GreenFirst Shares immediately prior to giving effect to Section 3.1(b)(i)(A) hereof;

(ii) each issued and outstanding GreenFirst Class A Common Share outstanding immediately following giving effect to Section 3.1(b)(i)(A) shall be surrendered and transferred by the holder thereof to GreenFirst (free and clear of any Encumbrances) in exchange for, as the sole consideration therefor:

(A) one New GreenFirst Share and

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- (B) 0.1 KapCorp Shares held by GreenFirst (other than any KapCorp Shares set aside pursuant to Section 5.3 and subject to Section 3.8), and:
- (C) the holders of GreenFirst Class A Common Shares will be removed from the register of holders of GreenFirst Class A Common Shares and will be added to the register of holders of New GreenFirst Shares as the holders of the number of New GreenFirst Shares that they have received on the exchange set forth pursuant to Section 3.1(b)(ii)(A);
- (D) the KapCorp Shares transferred to the former holders of GreenFirst Class A Common Shares pursuant to Section 3.1(b)(ii)(B) will be registered in the name of such former holders;
- (E) GreenFirst shall cease to be a holder of the KapCorp Shares transferred to the former holders of GreenFirst Class A Common Shares pursuant to Section 3.1(b)(ii)(B) and shall be removed in respect of such KapCorp Shares from the register of holders of KapCorp Shares maintained by or on behalf of KapCorp; and
- (F) concurrently with the exchange in Section 3.1(b)(ii), the stated capital account maintained in respect of the GreenFirst Class A Common Shares shall be reduced to nil and there shall be added to the stated capital account of the New GreenFirst Shares issued pursuant to Section 3.1(b)(ii) the amount by which (A) the amount of the reduction of the stated capital account of the GreenFirst Class A Common Shares pursuant to this Section 3.1(b)(ii)(F) exceeds (B) the fair market value, at the Effective Time, of the KapCorp Shares distributed pursuant to Section 3.1(b)(ii) to the former holders of GreenFirst Class A Common Shares.

For greater certainty, the exchange of GreenFirst Class A Common Shares for New GreenFirst Shares and KapCorp Shares pursuant to Section 3.1(c)(ii) is intended to be governed by Section 86 of the Tax Act; and

- (iii) the GreenFirst Class A Common Shares, none of which will be issued or outstanding once the exchange in Section 3.1(b)(ii)(A) above is completed, will be cancelled and the appropriate entries made in the register of holders of GreenFirst Class A Common Shares and the authorized share structure and articles of GreenFirst will be amended by eliminating the GreenFirst Class A Common Shares;
- (c) each GreenFirst Option outstanding immediately prior to this Section 3.1(c) shall be, and shall be deemed to be, simultaneously surrendered and transferred by the holder thereof to GreenFirst (free and clear of any Encumbrances) and exchanged for, as the sole consideration therefor, one GreenFirst Replacement Option to acquire one New GreenFirst Share having an exercise price equal to the exercise price of the GreenFirst Option so exchanged immediately before the exchange of such GreenFirst Option provided that:
 - (i) the exercise prices for such GreenFirst Replacement Option shall be further adjusted to the extent required to ensure that the fair market value of the GreenFirst Replacement Option immediately after the exchange does not exceed the fair

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market value of the GreenFirst Option so exchanged immediately before the exchange of such GreenFirst Option;

- (ii) the holder of a GreenFirst Replacement Option will receive no consideration other than the GreenFirst Replacement Option in respect of the transfer of the GreenFirst Option pursuant to this Section 3.1(c); and
- (iii) the GreenFirst Options so transferred to GreenFirst pursuant to this Section 3.1(c) shall be cancelled.

For greater certainty, it is intended that subsection 7(1.4) of the Tax Act apply to the exchange of GreenFirst Options and that, in the case of a GreenFirst Option Holder subject to United States federal income taxation, such exchange also satisfy the relevant requirements of Section 409A or 424 of the United States Internal Revenue Code of 1986, as amended, and corresponding United States Treasury Regulations. The parties are authorized to make any amendments or adjustments to the Plan of Arrangement they consider necessary to satisfy subsection 7(1.4) of the Tax Act and Sections 409A and 424 of the Internal Revenue Code;

- (d) each GreenFirst DSU outstanding immediately prior to this Section 3.1(d) shall be amended to acquire one New GreenFirst Share on redemption;
- (e) each GreenFirst RSU outstanding immediately prior to this Section 3.1(e) shall be amended to acquire one New Common Share on redemption; and
- (f) in accordance with the terms of the GreenFirst Warrant Certificates, as the case may be, each holder of GreenFirst Warrants outstanding immediately prior to the Effective Time shall receive (and such holder shall accept) upon the exercise of such holder's GreenFirst Warrants, in lieu of the GreenFirst Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable therefor, the number of New GreenFirst Shares and KapCorp Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of GreenFirst Shares to which such holder was theretofore entitled upon exercise of such GreenFirst Warrants; and such GreenFirst Warrant shall continue to be governed by and be subject to the terms of the GreenFirst Warrant Indentures and/or GreenFirst Warrant Certificates, as the case may be.

3.2 Notwithstanding any other provision of this Arrangement, no fractional KapCorp Shares will be distributed to the GreenFirst Shareholders, and, as a result, all fractional amounts arising under this Plan of Arrangement will be rounded down to the next whole number without any compensation therefor. Any KapCorp Shares not distributed as a result of so rounding down will be cancelled by KapCorp.

3.3 In Section 3.1(b)(ii) above, the reference to a holder of a GreenFirst Class A Common Share will mean a person who is a holder of a GreenFirst Share on the Share Distribution Record Date, subject to the provisions of Article 5 below. Any GreenFirst Shares traded after the Share Distribution Record Date will represent New GreenFirst Shares as of the Effective Date and shall not carry any rights to receive KapCorp Shares.

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- 3.4 All New GreenFirst Shares issued pursuant hereto will be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the OBCA.
- 3.5 Notwithstanding that the transactions and events set out in Section 3.1 above, unless explicitly stated otherwise, will occur and will be deemed to occur in the chronological order therein set out without any act or formality, each of GreenFirst and KapCorp will be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1 above, at each of their sole cost and expense pursuant to Section 9.3 of the Arrangement Agreement, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers, and agreements for equity compensation securities.
- 3.6 Each of GreenFirst, KapCorp and the Depositary will be entitled to deduct and withhold from any cash payment or any issue, transfer or distribution of New GreenFirst Shares, KapCorp Shares, or GreenFirst Replacement Options made pursuant to this Plan of Arrangement such amounts as may be required to be deducted and withheld pursuant to the Tax Act or any other applicable law, and any amount so deducted and withheld will be deemed for all purposes of this Plan of Arrangement to be paid, issued, transferred or distributed to the person entitled thereto under the Plan of Arrangement. Without limiting the generality of the foregoing, any New GreenFirst Shares or KapCorp Shares so deducted and withheld may be sold on behalf of the person entitled to receive them for the purpose of generating cash proceeds, net of brokerage fees and other reasonable expenses, sufficient to satisfy all remittance obligations relating to the required deduction and withholding, and any cash remaining after such remittance will be paid to the person forthwith.
- 3.7 Any exchange or transfer of securities pursuant to this Plan of Arrangement will be free and clear of any liens, restrictions, charges, pledges, leases, hypothecations, security interests, encumbrances, adverse claims or other claims of third parties of any kind.
- 3.8 The Arrangement set out in Section 3.1 is based on the assumption that the Pre-Arrangement Consolidation and the Pre-Arrangement Steps have been completed prior to the Effective Date and that adjustment provisions under the terms of the GreenFirst Warrants, as applicable, relating to the Pre-Arrangement Consolidation have become effective prior to the Effective Date. To the extent the Pre-Arrangement Consolidation has not been completed on the Effective Date, the fraction set out in Section 3.1(b)(ii)(B) for the purposes of the exchange of GreenFirst Class A Common Shares, being 0.1, shall be adjusted and be equal to 0.01.
- 3.9 The Court will be advised that the Arrangement will be carried out with the intention that all securities issued and exchanged in a transaction exempt from registration under the U.S. Securities Act on completion of the Arrangement will be issued and exchanged in reliance on the Section 3(a)(10) Exemption.

ARTICLE 4 CERTIFICATES

- 4.1 Recognizing that the GreenFirst Shares shall be redeemed and re-designated as GreenFirst Class A Shares pursuant to Section 3.1(b)(i) and that the GreenFirst Class A Shares shall be exchanged partially for New GreenFirst Shares pursuant to Section 3.1(b)(ii), GreenFirst shall not issue replacement share certificates representing the GreenFirst Class A Shares.

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- 4.2 As soon as practicable following the Effective Date, KapCorp will deliver or cause to be delivered to the Depository one or more certificates and/or Direct Registration Statements representing the aggregate number of KapCorp Common Shares required to be distributed to registered holders of GreenFirst Shares as at immediately prior to the Effective Time in accordance with the provisions of Section 3.1(b)(ii) above, which certificates and/or Direct Registration Statements will be held by the Depository as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 below.
- 4.3 As soon as practicable following the Effective Date, GreenFirst will deliver or cause to be delivered to the Depository one or more certificates and/or Direct Registration Statements representing the aggregate number of New GreenFirst Shares required to be issued to registered holders of GreenFirst Shares as at immediately prior to the Effective Time in accordance with the provisions of Section 3.1 above, which certificates and/or Direct Registration Statements will be held by the Depository as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 below.
- 4.4 The agreements, if any, for the GreenFirst DSUs, GreenFirst RSUs and GreenFirst Options will be deemed to be amended to reflect the amendments and new terms as described in Section 3.1 of this Plan of Arrangement.

ARTICLE 5 DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding Section 3.1 hereof, holders of GreenFirst Shares may exercise rights of dissent (the "Dissent Right") in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in section 185 of the OBCA (collectively, the "Dissent Procedures").
- 5.2 GreenFirst Shareholders who duly exercise Dissent Rights with respect to their GreenFirst Shares ("Dissenting Shares") and who:
 - (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to GreenFirst for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting GreenFirst Shareholder and shall receive KapCorp Shares on the same basis as every other non-dissenting GreenFirst Shareholder, and in no case shall GreenFirst be required to recognize such person as holding GreenFirst Shares on or after the Effective Date.
- 5.3 If a GreenFirst Shareholder exercises the Dissent Right, GreenFirst shall on the Effective Date set aside and not distribute that portion of the KapCorp Shares that is attributable to the GreenFirst Shares for which the Dissent Right has been exercised. If the dissenting GreenFirst Shareholder is ultimately not entitled to be paid for their Dissenting Shares, GreenFirst shall distribute to such GreenFirst Shareholder his, her or its *pro-rata* portion of the respective KapCorp Shares. If a GreenFirst Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then GreenFirst shall retain the portion of the KapCorp Shares attributable to such GreenFirst Shareholder (collectively, the "Non-Distributed Shares"), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of GreenFirst in its absolute discretion.

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ARTICLE 6 DELIVERY OF SECURITIES

6.1

(a) Upon surrender to the Depository for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding GreenFirst Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depository will deliver to such holder following the Effective Time, a certificate representing the New GreenFirst Shares and a certificate representing the KapCorp Shares that such holder is entitled to receive in accordance with Section 3.1 above.

(b) After the Effective Time and until surrendered for cancellation as contemplated by Section 6.1(a) above, each certificate that immediately prior to the Effective Time represented one or more GreenFirst Shares will be deemed at all times to represent only the right to receive in exchange therefor a certificate representing the New GreenFirst Shares and a certificate representing the KapCorp Common Shares that such holder is entitled to receive in accordance with Section 3.1 above.

6.2

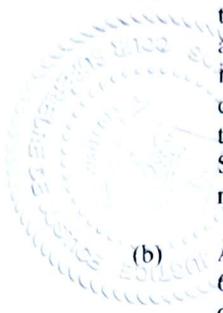
If any certificate that immediately prior to the Effective Time represented one or more outstanding GreenFirst Shares that were exchanged for New GreenFirst Shares and KapCorp Shares in accordance with Section 3.1 above, will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depository will deliver in exchange for such lost, stolen or destroyed certificate, the New GreenFirst Shares and KapCorp Shares that such holder is entitled to receive in accordance with Section 3.1 above. When authorizing such delivery of New GreenFirst Shares and KapCorp Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such securities are to be delivered will, as a condition precedent to the delivery of such New GreenFirst Shares and KapCorp Shares give a bond satisfactory to GreenFirst, KapCorp and the Depository in such amount as GreenFirst, KapCorp and the Depository may direct, or otherwise indemnify GreenFirst, KapCorp and the Depository in a manner satisfactory to GreenFirst, KapCorp and the Depository, against any claim that may be made against GreenFirst, KapCorp or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed.

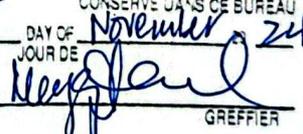
6.3

No dividend or other distribution declared or made after the Effective Time with respect to New GreenFirst Shares or KapCorp Shares with a record date after the Effective Time will be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding GreenFirst Shares unless and until the holder of such certificate will have complied with the provisions of either of Section 6.1 or 6.2 above. Subject to applicable law and to Section 3.6 above, at the time of such compliance, there will, in addition to the delivery of the New GreenFirst Shares and KapCorp Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New GreenFirst Shares and/or KapCorp Shares, as applicable.

6.4

To the extent that a former GreenFirst Shareholder will not have complied with the provisions of either of Section 6.1 or 6.2 above, as applicable, on or before the date that is six (6) years after the Effective Date (the "Final Proscription Date") then the New GreenFirst Shares and KapCorp Shares that such former GreenFirst Shareholder was entitled to receive will be automatically



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cancelled without any repayment of capital in respect thereof and the New GreenFirst Shares and KapCorp Shares to which such GreenFirst Shareholder was entitled, will be delivered to KapCorp (in the case of the KapCorp Common Shares) or GreenFirst (in the case of the New GreenFirst Shares) by the Depository and certificates representing such New GreenFirst Shares and KapCorp Shares will be cancelled by GreenFirst and KapCorp, as applicable, and the interest of the former GreenFirst Shareholder in such New GreenFirst Shares and KapCorp Shares or to which it was entitled will be terminated as of such Final Proscription Date.

6.5 GreenFirst and KapCorp acknowledge and agree that:

- (a) from and after the Effective Date, each GreenFirst Warrant shall entitle the holder to receive, upon due exercise thereof, for the exercise price immediately prior to the Effective Time:
 - (i) one New GreenFirst Share for each GreenFirst Share that was issuable upon due exercise of the GreenFirst Warrant immediately prior to the Effective Time; and
 - (ii) 0.1 KapCorp Shares for each GreenFirst Share that was issuable upon due exercise of the GreenFirst Warrant immediately prior to the Effective Time

and KapCorp hereby covenants that it shall forthwith upon receipt of written notice from GreenFirst from time to time issue, as directed by GreenFirst, that number of KapCorp Shares as may be required to satisfy the foregoing;

- (b) GreenFirst shall, as agent for KapCorp, collect and pay to KapCorp an amount for each 0.1 KapCorp Common Shares so issued that is equal to the exercise price under the GreenFirst Warrant multiplied by the fair market value of 0.1 KapCorp Shares at the Effective Time divided by the fair market value of a GreenFirst Share at the Effective Time; and
- (c) the terms and conditions applicable to the GreenFirst Warrants, immediately after the Effective Time, will otherwise remain unchanged from the terms and conditions of the GreenFirst Warrants as they exist immediately before the Effective Time.

ARTICLE 7 AMENDMENTS

7.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:

- (i) set out in writing;
- (ii) filed with the Court and, if made following the GreenFirst Meeting, approved by the Court; and
- (iii) communicated to holders of GreenFirst Shares if and as required by the Court.

7.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by GreenFirst at any time prior to the GreenFirst Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the GreenFirst Meeting

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(other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

7.3 GreenFirst, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the GreenFirst Meeting and prior to the Effective Date with the approval of the Court.

7.4 Any amendment, modification or supplement to this Plan of Arrangement, if agreed upon by GreenFirst and KapCorp, may be proposed by GreenFirst and KapCorp after the GreenFirst Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the GreenFirst Meeting will be effective and will become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by GreenFirst, provided that it concerns a matter which, in the reasonable opinion of GreenFirst and KapCorp, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of GreenFirst Shares, KapCorp Shares or GreenFirst Warrants.

7.5 Notwithstanding any prior approvals by the Court or by GreenFirst Shareholders, the board of directors of GreenFirst may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Effective Time, without further approval of, or notice to, the Court or the GreenFirst Shareholders.

ARTICLE 8 REFERENCE DATE

8.1 This plan of arrangement is dated for reference the 16th day of August, 2024.

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IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE ONTARIO BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16,
AS AMENDED
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE,
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF GREENFIRST FOREST PRODUCTS INC.
GreenFirst Forest Products Inc., Applicant

Court File No./N° du dossier du greffe : CV-24-00724396-00CL

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Court File No. CV-24-00724396-00CL

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GreenFirst Forest Products Inc.

RCP-E 4C (May 1, 2016)

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