

COURT FILE NUMBER: 2101-00814
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF CALGARY OIL & GAS
SYNDICATE GROUP LTD., CALGARY OIL AND GAS
INTERCONTINENTAL GROUP LTD. (IN ITS OWN
CAPACITY AND IN ITS CAPACITY AS GENERAL
PARTNER OF T5 SC OIL AND GAS LIMITED
PARTNERSHIP), CALGARY OIL AND SYNDICATE
PARTNERS LTD., AND PETROWORLD ENERGY LTD.

DOCUMENT: AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MLT AIKINS LLP
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Attention: Ryan Zahara/Catrina Webster
File: 0024563.00166

AFFIDAVIT OF ADAM JENKINS

Sworn on February 25, 2021

I, **ADAM JENKINS**, of the City of Calgary, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am a Vice-President with Crown Capital Partners Inc. ("**CCPI**"). CCPI is a specialty finance company which manages certain investment funds, including a credit fund that operates through Crown Capital Partner Funding, LP (the "**Lender**" or "**Crown Capital**"). CCPI is the sole shareholder of the general partner of the Lender, Crown Capital LP Partner Funding Inc. ("**Crown GP**"). Crown GP is authorized and obligated to carry on the business and affairs of the Lender (in its capacity as general partner of the Lender). All references herein to the Lender or Crown Capital shall be deemed to incorporate and include Crown GP acting in its capacity as general partner thereof.



2. I have personal knowledge of the facts and matters deposed to in this Affidavit, except where stated to be based upon information and belief, in which case I believe the same to be true. I have reviewed the books and records of Crown Capital associated with the Companies, and the SA Process Order, SA Process, SAP Procedures, and Engagement Agreement, each as defined below.
3. I am authorized to make this Affidavit on behalf of CCPI and Crown Capital.
4. I am swearing this Affidavit in support of the application of Crown Capital seeking an Order (the "**SA Process Order**"):
 - a. approving the timing and possible commencement of a strategic alternatives process (the "**SA Process**");
 - b. approving the SA Process procedures (the "**SAP Procedures**");
 - c. approving the revised form of engagement agreement (the "**Engagement Agreement**") of Peters & Co. Limited as financial advisor ("**Financial Advisor**") to run the SA Process;
 - d. approving a charge on behalf of the Financial Advisor for its fees under the Engagement Agreement (the "**Financial Advisor Charge**"); and
 - e. enhancing the powers of BDO Canada Limited in its role as court-appointed monitor (the "**Monitor**") of Calgary Oil & Gas Syndicate Group Ltd. ("**Syndicate Group**"), Calgary Oil and Gas Intercontinental Group Ltd. (in its own capacity and in its capacity as general partner of T5 SC Oil and Gas Limited Partnership (the "**Partnership**")) ("**Intercontinental**", and together with Syndicate Group and the Partnership, the "**Companies**") to execute the Engagement Agreement, conduct the SA Process and to complete any Transaction (as defined in the SAP Procedures) that arises from the SA Process.

Attached hereto and marked as **Exhibit "A"** is a draft of the proposed form of SA Process Order.



5. As stated in my Affidavit sworn in this Action on February 9, 2021, Crown Capital is the senior secured creditor of the Companies, and, as I understand, a key stakeholder in the within proceedings. As of February 8, 2021, the total indebtedness of the Partnership to Crown Capital is \$30,168,624.60.

The Initial Order

6. On February 11, 2021, an Initial Order was granted in the within Action under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "*CCAA*") which, among other things, ordered a stay of proceedings against the Companies until February 21, 2021 and appointed the Monitor.
7. On February 19, 2021, an order was granted amending and restating the February 11, 2021 initial order and extending the stay of proceedings to March 4, 2021 (such orders are collectively referred to as the "**Initial Order**").

The LOI Transaction

8. On February 17, 2021, the Companies provided to Crown Capital, on a confidential basis, a letter of intent (the "**LOI**") that the Companies had entered into with a third-party (the "**Third Party**").
9. Crown Capital and the Companies have been in discussions in order to permit time for the Companies to close the transaction (the "**LOI Transaction**") contemplated by the LOI, which in accordance with the terms of the LOI is proposed to close on or before March 31, 2021.
10. Crown Capital is proposing to support the Companies' request to have time to close the LOI Transaction; however, Crown Capital is concerned about the passage of time in the event the LOI Transaction is unsuccessful or key milestones (as set out in the SA Process Order) associated with the LOI Transaction are not satisfied. As a result, Crown Capital believes that the SA Process should be initiated as provided for in the SA Process Order in the event the LOI Transaction fails to meet one of the milestones set out therein.



The SA Process

11. In the event that the LOI Transaction fails to advance as contemplated, the Monitor, in consultation with the Companies, Crown Capital and the Financial Advisor, has developed the SA Process.
12. The SA Process is intended to solicit proposals for either a debt or equity investment in the Companies or for the sale of the Companies' Business and Property (as such terms are defined in the Initial Order). As a result, Crown Capital is seeking approval of the SA Process Order and engagement of the Financial Advisor to administer the SA Process under the direction of the Monitor.
13. The SA Process shall only be commenced if any of the key milestones contained in the SA Process Order are not satisfied and once the Monitor issues a notice of non-compliance. In negotiating the SA Process, it was important to Crown Capital to provide sufficient safeguards to all parties in order to provide time to the Companies to carry out the process related to the LOI Transaction, while ensuring that in the event the LOI Transaction is not successful there is robust and fulsome SA Process that is ready to be commenced immediately.
14. The SA Process shall be commenced if any of the following milestones are not satisfied and upon the issuance of the SA Process Notice (as defined below):
 - a. failure of the Companies to provide confirmation to the Monitor that approval has been received from the board of directors of the Third-Party under the LOI by March 10, 2021;
 - b. the Third Party must have paid a refundable deposit (the "**Deposit**") as contemplated by the LOI to the Companies by March 15, 2021, with evidence of same provided by the Companies to the Monitor;
 - c. completion of all definitive documents in respect of the LOI Transaction by March 22, 2021 and the Deposit becomes refundable on this date only in accordance with the terms of the SA Process Order, with evidence of same provided by the Companies to the Monitor; and



- d. closing of the LOI Transaction between the Companies and the Third Party by March 31, 2021, with funds sufficient to repay the amounts outstanding (the “**Amounts Outstanding**”) to Crown Capital as determined by the terms of the SA Process Order, (collectively, (a)-(d) above are referred to as the “**LOI Transaction Milestones**”).
15. Pursuant to the SA Process Order, if any of the LOI Transaction Milestones are not satisfied, the Monitor shall issue a notice (the “**SA Process Notice**”) to the Companies advising that the Monitor will be commencing the SA Process and that the SA Process will commence on the date of the issuance of the SA Process Notice (the “**Commencement Date**”).
16. Further, pursuant to the SA Process Order, upon the issuance of the SA Process Notice, the SA Process will be commenced as of the Commencement Date. A Participating Bidder (as such term is defined in the SA Process Order) has 40 days from the Commencement Date (the “**Phase I Deadline**”) to submit an executed non-binding letter of intent for the Monitor’s review. The Monitor will then select and notify the Qualified Bidders of their selection, and the Qualified Bidders will have 30 days from the date of the Phase I Deadline (the “**Phase II Deadline**”) to submit a definitive agreement to the Monitor.
17. The length of time to get to the Phase I Deadline and the Phase II Deadline are substantially similar to the timelines provided for in the Forbearance Amending Agreement between Crown Capital and the Partnership, and in Crown Capital’s view, those timelines provide sufficient time to expose the business and assets of the Companies to the market in order to obtain a SAP Transaction (as that term is defined in the SAP Procedures).

Benefit of the SA Process Order and Enhanced Monitor’s Powers

18. The Companies have been provided with a significant amount of time since October of 2020 to resolve outstanding issues with the management of their business or pursue a transaction to repay Crown Capital. If the LOI Transaction is unsuccessful the SA Process is intended to provide a backstop to ensure the Business and Property of the Companies are properly marketed, or an investment in the Companies is secured for the benefit of all of the Companies’ stakeholders, including Crown Capital.



19. The SA Process and the milestones under the SA Process Order are essential to ensuring that this matter moves forward on a reasonable timeline and with proper oversight of the Monitor. Crown Capital believes that the LOI Transaction milestones are reasonable and substantially track those milestones contained in the LOI prepared by the Third Party.
20. In the event that the LOI Transaction does not advance or close on a timely basis, it is in the interest of all stakeholders that the SA Process be permitted to proceed as soon as possible with a view to generating the most advantageous transaction available to the Companies in the circumstances, as opposed to focusing only on one potential counter-party under the LOI Transaction.
21. The enhancement of the Monitor's powers is the best means of carrying out the SA Process and is essential to the orderly, efficient and cost-effective administration of these CCAA proceedings. Further, I have been advised by legal counsel and believe that the Monitor has consented to the proposed enhancement of its powers.
22. The commencement of the proposed SA Process, based upon certain defined milestones, would permit the Companies time to close the LOI Transaction without incurring further expenses of an SA Process if the LOI Transaction is able to close. The SA Process provides certainty to Crown Capital that the Companies' Business and Property will be marketed or an investment obtained pursuant to the SA Process sufficient to repay the amounts outstanding to Crown Capital on a reasonable timeline.

Engagement of the Financial Advisor and Financial Advisor Charge

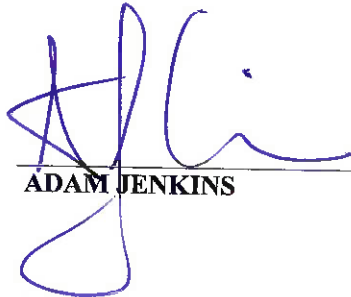
23. It is my understanding that the Monitor is in discussions with the Financial Advisor in respect of any necessary amendments to the form of engagement agreement located at Exhibit 23 of the Affidavit of Ryan Martin sworn on February 5, 2021. The Engagement Agreement will need to be updated to indicate that the Companies are in CCAA proceedings and that the Financial Advisor will require a court-ordered charge against the property of the Companies in order to secure its fees under the terms of the Engagement Agreement. It is also my understanding that a final form of the Engagement Agreement will be finalized and presented for Court approval prior to the March 4, 2021 Court Application.



- 24. Crown Capital supports the engagement of the Financial Advisor and the granting of the charge in favour of the Financial Advisor.
- 25. Crown Capital is proposing that the Financial Advisor Charge shall rank subsequent to the Administration Charge but in priority to the Critical Suppliers' Charge and the Director's Charge (each as defined in the Initial Order), such that the priority of charges under the proposed Amended and Restated Initial Order shall be as follows:
 - a. First - Administration Charge (to the maximum amount of \$334,000);
 - b. Second – Financial Advisor Charge;
 - c. Third – Critical Suppliers' Charge (to the maximum amount of \$60,000); and
 - d. Fourth - Directors' Charge (to the maximum amount of \$25,000).
- 26. I make this Affidavit on behalf of Crown Capital in support of the SA Process Order, approval of the SAP Procedures, the granting of a charge in favour of the Financial Advisor and the enhancement of the Monitor's powers, as set out above.

SWORN BEFORE ME at the City of Calgary,)
 in the Province of Alberta, this 25th day of February,)
 2021.)

 A Commissioner of Oaths in and for the Province of)
 Alberta)



 ADAM JENKINS

This affidavit was sworn using video technology as Adam Jenkins was not physically present before the Notary, but was linked with the Notary utilizing video technology. The process for remote commissioning of affidavits was thoroughly followed as outlined in the Notice to the Profession and Public – Remote Commissioning 2020-02 by the Court of Queen's Bench on March 25, 2020.



THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF **ADAM JENKINS**
SWORN BEFORE ME AT Calgary, Alberta
this 25th day of February 2021

A Commissioner of Oaths in and for the Province of Alberta

A handwritten signature in blue ink, consisting of stylized initials and a surname, located in the bottom right corner of the page.

COURT FILE NUMBER **2101-00814**

Clerk's Stamp

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF CALGARY OIL & GAS SYNDICATE GROUP LTD., CALGARY OIL AND GAS INTERCONTINENTAL GROUP LTD. (IN ITS OWN CAPACITY AND IN ITS CAPACITY AS GENERAL PARTNER OF T5 SC OIL AND GAS LIMITED PARTNERSHIP), CALGARY OIL AND SYNDICATE PARTNERS LTD., AND PETROWORLD ENERGY LTD.

DOCUMENT **ORDER (STRATEGIC ALTERNATIVES PROCESS)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Ryan Zahara/Catrina Webster
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DATE ON WHICH ORDER WAS PRONOUNCED: **MARCH 4, 2021**

LOCATION WHERE ORDER WAS PRONOUNCED: **CALGARY, ALBERTA**

NAME OF JUSTICE WHO MADE THIS ORDER: **THE HONOURABLE MR. JUSTICE D. B. NIXON**

UPON the application of Crown Capital Partnership Funding, LP, by its general partner, Crown Capital LP Partner Funding Inc. ("**Crown Capital**") for an order approving the timing and possible commencement of a strategic alternatives process (the "**SA Process**"), approving the SA Process procedures attached hereto as Schedule "A" (the "**SAP Procedures**") approving the engagement of Peters & Co. Limited ("**Peters**" or the "**Financial Advisor**"), approving a charge on behalf of the Financial Advisor and enhancing the powers of BDO Canada Limited in its role as court-appointed monitor (the "**Monitor**") of Calgary Oil & Gas Syndicate Group Ltd. ("**Syndicate Group**"), Calgary Oil and Gas Intercontinental Group Ltd. ("**Intercontinental**") (in

its own capacity and in its capacity as general partner of T5 SC Oil and Gas Limited Partnership (the "**Partnership**"), Calgary Oil and Syndicate Partners Ltd. ("**Syndicate Partners**") and Petroworld Energy Ltd. ("**Petroworld**"; together with Intercontinental, Syndicate Group, Syndicate Partners and the Partnership, collectively, the "**Debtors**");

AND UPON having read the Application of Crown Capital, the Affidavit of Adam Jenkins sworn on February __, 2021 (the "**Jenkins Affidavit**"), the Affidavit of Adam Jenkins sworn on February 9, 2021 (the "**Feb 9 Jenkins Affidavit**"), the second report (the "**Second Report**") of the Monitor dated February __, 2021; the Affidavit of Ryan Martin sworn on February 17, 2021 (the "**Feb 17 Martin Affidavit**"), including Confidential Exhibit "A" which is a letter of intent (the "**LOI**") with a third-party (the "**Third-Party**"); the Affidavit of Ryan Martin sworn on February 22, 2021 (the "**Feb 22 Martin Affidavit**") ;

AND UPON hearing counsel for Crown Capital, counsel for Intercontinental, the Partnership, Calgary Oil & Gas Syndicate Group Ltd. ("**Syndicate Group**"), Calgary Oil and Syndicate Partners Ltd. ("**Syndicate Partners**") and Petroworld Energy Ltd. ("**Petroworld**"; together with Intercontinental, Syndicate Group, Syndicate Partners and the Partnership, collectively, the "**Debtors**"), counsel for the Monitor and any other interested parties present,

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

CAPITALIZED TERMS

2. Capitalized terms used but not otherwise defined in this Order shall have the meaning given to such terms in the SAP Procedures.

STRATEGIC ALTERNATIVES PROCESS

3. The SA Process shall be commenced only upon one of the following milestones not being



satisfied and the issuance of the SA Process Notice (as defined below) by the Monitor:

- (a) The Debtors shall provide confirmation to the Monitor that approval has been received from the board of directors of the Third-Party under the LOI by March 10, 2021;
- (b) The Third Party must pay a refundable deposit (the “**Deposit**”) to the Debtors, as contemplated by the LOI, by March 15, 2021 and evidence of same provided by the Debtors to the Monitor;
- (c) Completion of all definitive documents in respect of the transaction (the “**LOI Transaction**”) contemplated by the LOI by March 22, 2021 and evidence of same provided by the Debtors to the Monitor;
- (d) Following the completion of definitive documents pursuant to paragraph 3(c) of this Order, the Deposit shall be refundable if and only if closing of the LOI Transaction does not occur due to:
 - (i) a failure by the Debtors to fulfill a mutual condition or a condition in favour of the Third Party set forth in the definitive documents;
 - (ii) a material breach of a material term of the definitive documents by the Debtors;
 - (iii) a failure by the Debtors to obtain a sale approval and vesting order in respect of the LOI Transaction; or
 - (iv) a failure by the Debtors to obtain all necessary regulatory approvals in connection with the LOI Transaction; and
- (e) Closing of the LOI Transaction between the Debtors and the Third Party by March 31, 2021, subject to Court approval, and provided that, at the time of closing, the Debtors shall have sufficient funds to repay the amounts outstanding to Crown Capital (the “**Amounts Outstanding**”) as determined by paragraph 4 below,



(collectively, (a)-(d) above are referred to as the “**LOI Transaction Milestones**”).

4. The Amounts Outstanding shall be determined prior to closing of the LOI Transaction by:
 - (a) mutual agreement between the Debtors and Crown Capital, or
 - (b) a further Order of this Honourable Court determining Crown Capital’s entitlement to any disputed amounts in respect of the quantum of the Amounts Outstanding.
5. The Monitor, with the consent and agreement of the Debtors and Crown Capital, may agree to extend the deadlines for any of the LOI Transaction Milestones.
6. If any of the LOI Transaction Milestones are not met and the deadline for such LOI Transaction Milestone is not extended in accordance with paragraph 5, then the Monitor shall issue a notice (the “**SA Process Notice**”) in writing to the Debtors, with a copy to Crown Capital and the Financial Advisor, advising that the Monitor will be commencing the SA Process and that the SA Process will commence on the date (the “**Commencement Date**”) of the SA Process Notice.
7. The LOI Transaction can continue in conjunction with the SA Process but the SA Process once commenced must, subject to the SAP Procedures, be completed unless and until Crown Capital is repaid in full the Amounts Outstanding following closing of the LOI Transaction.
8. The SA Process and the SAP Procedures are hereby approved.
9. The Monitor is hereby authorized to conduct the SA Process in conjunction with the Financial Advisor in accordance with the SAP Procedures and may take any necessary steps to complete the SA Process, including, but not limited to the execution of any definitive agreements that are necessary to complete the SAP Transaction that is generated from the SA Process, bringing forward for approval of this Honourable Court any SAP Transaction that is received through the SA Process and is determined to be a Successful Bid, and taking any and all steps that are reasonable or incidental to the foregoing.



10. The Debtors shall cooperate with the Monitor during the SA Process and shall provide all necessary and requested support and information to the Financial Advisor and the Monitor in order for the Monitor to complete the SA Process in accordance with the SAP Procedures, including providing assistance and cooperation to the Monitor in completing any SAP Transaction that is generated from the SA Process.
11. The amended form of engagement agreement (the "**Engagement Agreement**") between the Debtors and Peters, a copy of which is attached to the Second Report is hereby approved and the Monitor is hereby authorized to take all necessary steps on behalf of the Debtors to execute the Engagement Agreement.
12. The Financial Advisor is entitled to the benefits of and is hereby granted a charge (the "**Financial Advisor Charge**") over the Property (as that term is defined in the Second Amended and Restated Initial Order (the "**Second ARIO**") dated March 4, 2021) of the Debtors as security for the fees payable to the Financial Advisor under the terms of the Engagement Agreement.
13. The Financial Advisor Charge shall rank subsequent to the Administration Charge and the Critical Suppliers' Charge but be in priority to the Director's Charge such that the priority of charges under the Second ARIO at paragraph [36] shall be as follows:
 - (a) First - Administration Charge (to the maximum amount of \$350,000);
 - (b) Second – Critical Suppliers' Charge (to the maximum amount of \$60,000);
 - (c) Third – Financial Advisor Charge (to the maximum amount of [\$]); and
 - (d) Fourth – Directors' Charge (to the maximum amount of \$25,000).



14. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the day of the transmission or delivery of such documents.
15. Service of this Order on any party not attending the Application is hereby dispensed with.

Justice of the Court of Queen's Bench of Alberta



SCHEDULE "A"

Strategic Alternatives Process Procedures



STRATEGIC ALTERNATIVES PROCESS

A. INTRODUCTION

1. Calgary Oil and Gas Intercontinental Group Ltd. ("**Intercontinental**") is an Alberta corporation carrying on business in Alberta, and the general partner of T5 SC Oil and Gas Limited Partnership (the "**Partnership**"), an Alberta registered partnership. Calgary Oil & Gas Syndicate Group Ltd. ("**Syndicate Group**") holds 100% of the voting shares in Calgary Oil and Syndicate Partners Ltd. ("**Syndicate Partners**"). Syndicate Partners holds 100% of the voting shares in Intercontinental and Petroworld Energy Ltd. ("**Petroworld**"; together with Intercontinental, the Partnership, Syndicate Group and Syndicate Partners, the "**Companies**", or individually the "**Company**").
2. The Partnership, through its general partner Intercontinental, operates 10 wells in the Spirit River Formation in the Ferrier area of Northern Alberta.
3. On February 11, 2021, the Honourable Justice D.B. Nixon pronounced an initial order pursuant to the CCAA, which, among other things, commenced the proceedings under the CCAA (the "**Proceedings**"), stayed all proceedings against the Companies for a ten-day period and appointed BDO Canada Limited as court-appointed monitor (the "**Monitor**") of the Companies. On February 19, 2021, the Honourable Justice R.A. Neufeld pronounced an order amending and restating the February 11, 2021 initial order and extending the stay of proceedings to March 4, 2021 (such orders being collectively referred to as the "**Initial Order**").
4. The Monitor, in consultation with the Companies and Peters & Co. Limited, has developed the strategic alternatives process set out herein (the "**SA Process**") in order to solicit interest of potential equity or debt investors in, or buyers of certain property and assets of, the Companies. The SA Process is intended to solicit proposals for either a debt or equity investment in the Companies (an "**Investment Transaction**") or for the sale of the Business and Property (a "**Sale Transaction**", and such opportunity to invest or purchase, a "**SAP Transaction**").
5. Crown Capital Partnership Funding, LP, by its general partner, Crown Capital LP Partner Funding Inc. ("**Crown Capital**") applied pursuant to the CCAA for an Order (the "**SA Process Order**") approving the SA Process and appointing Peters & Co. Limited as financial advisor to administer the SA Process (in such capacity, the "**Financial Advisor**") under the direction of the Monitor, which application is scheduled to be heard on March 4, 2021.
6. The SA Process Order provides that the SA Process will not commence unless there is a breach of the LOI Transaction Milestones (as that term is defined in the SA Process Order) and a SA Process Notice is issued by the Monitor.
7. The date of the SA Process Notice issued by the Monitor will be the commencement date (the "**Commencement Date**") of the SA Process and all of the subsequent deadlines will be calculated by reference to the Commencement Date plus the number of days.

B. INTERPRETATION

8. All capitalized terms used but not otherwise defined in this SA Process shall have meaning the set out or contemplated below:



- (a) **"Affiliate"** has the meaning given to the term "affiliate" in the *Business Corporations Act*, RSA 2000, c B-9, as amended;
- (b) **"Bid"** means a Qualified Bid, Qualified Phase II Bid or a Successful Bid;
- (a) **"Bid Deadline"** is defined in paragraph 21;
- (b) **"Bidder"** means a Qualified Bidder and Participating Bidder;
- (c) **"Business"** means the business of the Companies described in paragraph 2;
- (d) **"Business Day"** means any day other than a Saturday, Sunday or a statutory holiday in the City of Calgary in the Province of Alberta;
- (e) **"CCAA"** means the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended;
- (f) **"CCAA Court"** means the Court of Queen's Bench of Alberta or any appeal court therefrom;
- (g) **"CIM"** is defined in paragraph 13(d);
- (h) **"Companies"** and **"Company"** are defined in paragraph 1;
- (i) **"Commencement Date"** is defined in paragraph 7;
- (j) **"Confidential Information"** has the meaning given to that term in each NDA;
- (k) **"Data Room"** is defined in paragraph 14;
- (l) **"Definitive Agreement"** is defined in paragraph 31;
- (m) **"Deposit"** is defined in paragraph 26(a)(v);
- (n) **"Financial Advisor"** is defined in paragraph 5;
- (o) **"Form of Definitive Agreement"** is defined in paragraph 16;
- (p) **"Initial Order"** is defined in paragraph 3;
- (q) **"Investment Transaction"** is defined in paragraph 4;
- (r) **"Known Potential Bidders"** is defined in paragraph 13(c);
- (s) **"Letter of Intent"** is defined in paragraph 21;
- (t) **"Monitor"** is defined in paragraph 3;
- (u) **"NDA"** is defined in paragraph 13(b);
- (v) **"Participating Bidder"** is defined in paragraph 17;



- (w) **"Person"** means a natural person, whether acting in their own capacity, or in their capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person, or a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind;
 - (x) **"Potential Bidder"** is defined in paragraph 17;
 - (y) **"Qualified Bid"** is defined in paragraph 22;
 - (z) **"Qualified Bidder"** is defined in paragraph 24;
 - (aa) **"Phase II Bid Deadline"** is defined in paragraph 26;
 - (bb) **"Phase II Qualified Bid"** is defined in paragraph 26;
 - (cc) **"Phase II Qualified Bidder"** is defined in paragraph 26;
 - (dd) **"Priority Charges"** is defined in paragraph 42;
 - (ee) **"Priority Obligations"** is defined in paragraph 42;
 - (ff) **"Proceedings"** is defined in paragraph 3;
 - (gg) **"Property"** means the property and assets of the Partnership as described in the CIM, and includes, for certainty, the shares of Intercontinental and Syndicate Partners;
 - (hh) **"Representative"** means a Person, each director, officer, employee, agent, Affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Person or such Person's Affiliates;
 - (ii) **"Sale Transaction"** is defined in paragraph 4;
 - (jj) **"SA Process"** is defined in paragraph 4;
 - (kk) **"SA Process Order"** is defined in paragraph 5;
 - (ll) **"SAP Transaction"** is defined in paragraph 4;
 - (mm) **"Successful Bid"** and **"Successful Bidder"** are defined in paragraph 29;
 - (nn) **"Teaser Letter"** is defined in paragraph 13(a);
 - (oo) **"Transaction Price"** means the consideration payable under a SAP Transaction.
9. For the purposes of this SA Process:



- (a) words signifying the singular number include the plural and *vice versa*, and words signifying gender include all genders, and the use of the words "including" or "includes" is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively;
- (b) references to paragraphs are to be construed as references to paragraphs of this SA Process unless otherwise specified, references to time of day or date mean the local time or date in the City of Calgary in the Province of Alberta, and references to dollars, monetary amounts or to C\$ are expressed in Canadian currency; and
- (c) the time periods within which or following which any action is to be taken will be calculated by excluding the day on which the period begins and including the day on which the period ends, and if the last day of a time period is not a Business Day, the time period will end on the next Business Day.

C. ADMINISTRATION AND PREPARATION OF THE SA PROCESS

Administration of SA Process

- 10. The Financial Advisor shall administer the SA Process subject to the supervision and direction of the Monitor, and the Companies will be entitled to participate in the SA Process in the manner provided for herein and is entitled to receive all information relating to the SA Process.
- 11. The activities of the Financial Advisor and Monitor hereunder shall be subject to the overall control of the CCAA Court. In the event that there is disagreement as to the interpretation or application of this SA Process, the CCAA Court will have jurisdiction to hear and resolve such disagreement.
- 12. The Financial Advisor, the Companies and the Monitor will each use their reasonable efforts to complete the SA Process in accordance with the timelines set out herein. The Monitor, using its reasonable business judgment, may make adjustments to the timeline that it determines are reasonably necessary.

Preparation for Launching of SA Process

- 13. As soon as reasonably practicable following the Commencement Date, the Financial Advisor shall prepare, in consultation with the Monitor and the Companies:
 - (a) a process summary (the "**Teaser Letter**") outlining the process under the SA Process and inviting recipients of the Teaser Letter to express their interest in the Property or Business pursuant to the SA Process;
 - (b) a non-disclosure agreement in form and substance satisfactory to the Monitor and the Companies (a "**NDA**");
 - (c) a list of Persons potentially interested in submitting bids under the SA Process including: (i) Persons that have approached, the Financial Advisor or the Monitor indicating an interest in the SAP Transaction; and (ii) local and international strategic and financial parties who the Financial Advisor, in consultation with the Monitor and the Companies, believe may be interested in a possible Investment



Transaction or Sale Transaction (such Persons being, collectively, the "**Known Potential Bidders**"); and

- (d) a confidential information memorandum ("**CIM**") setting out information with respect to the Business, Property and SA Process.
14. Concurrently with preparing the Teaser Letter, NDA and CIM, the Financial Advisor and the Monitor will gather and review all information, documentation and materials that may reasonably be required by Persons in carrying out due diligence in respect of the Companies, the Property, the Business and the Opportunities under the SA Process and deposit such information, documentation and materials in a secure, electronic data room (the "**Data Room**"), which will be maintained and administered by the Financial Advisor during the SA Process. The Companies and their Representatives shall provide all information, documentation, materials and assistance required by the Financial Advisor and the Monitor in connection with the preparation of the Teaser Letter, the list of Known Potential Bidders, the CIM and the Data Room, and in the due diligence process contemplated by paragraph 19.
15. The solicitation and initial due diligence phase of the SA Process shall also commence on the Commencement Date whereupon:
- (a) the Financial Advisor will issue a press release setting out the information contained in the Teaser Letter and such other relevant information that the Monitor considers appropriate;
 - (b) the Financial Advisor shall cause a notice of the SA Process to be posted on the Financial Advisor's website and published in the Calgary Herald, Edmonton Journal, National Post or Globe and Mail, Daily Oil Bulletin, Oil and Gas Investments Bulletin, and Insolvency Insider once approved by the CCAA Court; and
 - (c) the Financial Advisor shall send the Teaser Letter and NDA to all Known Potential Bidders and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Financial Advisor, the Companies or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
16. The Monitor, in consultation with the Companies, shall prepare and provide to the Financial Advisor word versions of the form of a purchase and sale agreement for Property pursuant to a Sale Transaction and the form of an investment agreement pursuant to an Investment Transaction (each a "**Form of Definitive Agreement**") and the Financial Advisor shall deposit the Forms of Definitive Agreement into the Data Room. A Bidder shall be permitted to modify or revise a Form of Definitive Agreement, or submit its own form of a purchase and sale agreement or an investment agreement, as the case may be, for the purposes of submitting a Bid in the SA Process.

D. MARKETING, SOLICITATION AND DUE DILIGENCE

Potential Bidders and Participating Bidders

17. Any Person who wishes to participate in the SA Process (a "**Potential Bidder**") must, prior



to being provided with a copy of the CIM, being given access to the Data Room, or being permitted to carry out due diligence contemplated by paragraph 19, provide to the Financial Advisor the following:

- (a) written confirmation of the identity of the Potential Bidder, including the direct and indirect principals of the Potential Bidder;
- (b) the contact information for such Potential Bidder; and
- (c) a NDA duly executed and delivered by the Potential Bidder,

whereupon, so long as the disclosure in paragraph 17(a) is acceptable to the Financial Advisor and the Monitor, such Potential Bidder will be qualified to participate in the SA Process, will be provided with a copy of the CIM and will be given access to the Data Room (the Potential Bidder, upon being qualified, shall be referred to as a "**Participating Bidder**").

18. At any time during the SA Process, the Monitor may, acting reasonably, eliminate a Participating Bidder from the SA Process, in which case the Monitor shall provide its reasons for the elimination to the Financial Advisor, the Companies, and such Participating Bidder, and such Participating Bidder shall cease to have access to the Data Room, shall not be permitted to make a Qualified Bid, and shall return to the Monitor all Confidential Information in accordance with the NDA.

Due Diligence

19. The Financial Advisor will afford each Participating Bidder with such reasonable access to due diligence materials and any other information relating to the Companies, the Property and Business that it deems appropriate, in consultation with the Companies and the Monitor, either through the Data Room, management presentations, on-site inspections or otherwise and with such participation as is required by the Monitor. The Financial Advisor will designate a representative to coordinate all such requests for additional information and due diligence access by Bidders and advise the Bidders of the manner in which such requests must be communicated.
20. If the Monitor, in consultation with the Companies, determine that information or due diligence material is proprietary or commercially sensitive, and its disclosure to a particular Bidder could be harmful to the Business, the Monitor in consultation with the Companies, may direct that such Bidder not have access to such information or due diligence material, whereupon such Bidder shall not have such access.

E. BIDDING PROCEDURES

Phase I Bid Deadline

21. A Participating Bidder who wishes to pursue a SAP Transaction further must deliver to the Monitor and Financial Advisor at the addresses specified on **Schedule "A"** an executed non-binding letter of intent (a "**Letter of Intent**") by no later than 5:00 PM (Mountain Time) on **COMMENCEMENT DATE PLUS 40 DAYS** (such date, or any extended date pursuant to paragraph 24, being the "**Phase I Bid Deadline**").



22. In order for a Letter of Intent to be a qualified bid under this SA Process (such qualified Letter of Intent being a **"Qualified Bid"**), the Letter of Intent and Participating Bidder shall comply with the following requirements:
- (a) the Letter of Intent shall be received by the Monitor and Financial Advisor by no later than the Phase I Bid Deadline;
 - (b) the Letter of Intent shall state whether the SAP Transaction is a Sale Transaction or an Investment Transaction and describe the anticipated structure of the SAP Transaction;
 - (c) in the case of a Sale Transaction:
 - (i) the Letter of Intent shall set out the Transaction Price in Canadian dollars and a description of any liabilities to be assumed;
 - (ii) if a Participating Bidder wishes to acquire Property owned by more than one Company, the Transaction Price must be allocated for such Property between the relevant Companies; and
 - (iii) the Letter of Intent shall describe the Property to be purchased and any excluded Property, obligations or liabilities;
 - (d) in the case of an Investment Transaction:
 - (i) the Letter of Intent shall describe the aggregate amount of the equity and/or debt investment to be made in the Business in Canadian dollars;
 - (ii) if the Investment Transaction relates to more than one Company, the Transaction Price must be allocated between the relevant Companies;
 - (iii) if a plan of compromise and arrangement and/or plan of arrangement is required in connection with such Investment Transaction, a summary of the proposed terms, provisions and conditions thereof; and
 - (iv) the Letter of Intent shall set out the *pro forma* capital structure and the underlying assumptions relating to such capital structure;
 - (e) the Letter of Intent for either a Sale Transaction or an Investment Transaction shall contain acknowledgments by the Participating Bidder that:
 - (i) the Participating Bidder has had the opportunity to conduct any and all due diligence regarding the Property, Business and the Companies prior to making the Binding Offer;
 - (ii) the Participating Bidder has relied solely upon its own independent review, investigation and/or inspection of any information, documents or other matters and the Companies, the Business and the Property;
 - (iii) the Participating Bidder did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever made by the



Financial Advisor, the Companies or the Monitor, whether express, implied, statutory or otherwise, regarding the Business, Property, or the Companies, or the accuracy or completeness of any information provided in connection therewith, except as is expressly stated in the Letter of Intent;

- (iv) the contemplated SAP Transaction shall be on an "as-is, where-is" basis; and
 - (v) the Participating Bidder is not entitled to exclusivity, any break fee or any reimbursement of expenses associated with submitting the Letter of Intent, conducting due diligence, negotiating a Definitive Agreement or otherwise participating in the SA Process;
 - (f) the Letter of Intent for either a Sale Transaction or an Investment Transaction shall provide information satisfactory to the Monitor of the financial capacity of the Participating Bidder to complete the Transaction contemplated by the Letter of Intent, and if debt or equity financing is required in order to complete such Transaction the Letter of Intent shall disclose the identity of the Person or Persons providing such financing, the quantum and structure of such financing, and evidence of the availability of such financing; and
 - (g) the Letter of Intent for either a Sale Transaction or an Investment Transaction shall contain:
 - (i) a description of all approvals required by the Participating Bidder in connection with the contemplated SAP Transaction;
 - (ii) a description of any closing conditions in favour of the Participating Bidder;
 - (iii) any other terms or conditions material to the contemplated SAP Transaction; and
 - (iv) any other information or terms requested by the Financial Advisor or the Monitor from time to time.
23. The Monitor, in consultation with the Companies, may waive compliance with one or more of the requirements in paragraphs 21 and 22, whereupon a Letter of Intent that does not comply with such requirements shall be deemed to be a Qualified Bid. If the Monitor is not satisfied with the number of Letters of Intent received or their terms, the Monitor may extend the Bid Deadline, to a date determined by the Monitor, in consultation with the Companies, whereupon the Phase I Bid Deadline shall be deemed to be extended to such date and the Financial Advisor shall notify the Participating Bidders of the requirements that must be satisfied in order for the Monitor to be satisfied with the Qualified Bids.
24. Following the Phase I Bid Deadline, in consultation with the Financial Advisor, the Monitor shall determine whether a Letter of Intent is a Qualified Bid. As soon as reasonably practicable following the determination that a Letter of Intent is a Qualified Bid, the Financial Advisor shall give written notice to the applicable and the Participating Bidder (such Participating Bidder thereafter being a "**Qualified Bidder**") of such determination.



Phase II Bid Deadline

25. Qualified Bidders must submit qualified binding bids ("**Qualified Phase II Bids**") in the form of a Definitive Agreement (as defined below) by no later than **COMMENCEMENT DATE PLUS 70 DAYS ("Phase II Bid Deadline")** and any such Qualified Bidder shall thereafter become a "**Qualified Phase II Bidder**" upon submission of the Definitive Agreement to the Monitor and notification by the Monitor or the Financial Advisor that such Definitive Agreement has been accepted as a Qualified Phase II Bid.
26. The applicable form of Definitive Agreement (such definitive agreement being a "**Definitive Agreement**"), which for greater certainty, in addition to the matters contemplated by paragraphs 22(e)(i) to (iii) and (v), shall include the following:
- (a) the SAP Transaction contemplated by the Definitive Agreement will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Companies, the Monitor, the Financial Advisor or any of their respective Representatives including with respect to the accuracy or completeness of the information contained in the CIM, the Data Room or otherwise made available pursuant to the SA Process or otherwise, except to the extent expressly contemplated in the Definitive Agreement including any of the following;
 - (i) a fully binding and definitive agreement (subject only to Court approval), duly authorized and executed, setting out the terms and conditions of the proposed SAP Transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, financing and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction; or
 - (ii) a fully binding and definitive agreement (subject only to Court approval), duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto;
 - (iii) the Definitive Agreement is irrevocable for a minimum of thirty-five (35) days following the Phase II Bid Deadline;
 - (iv) it is not conditional on (a) the outcome of unperformed due diligence and/or (b) obtaining any credit, capital or other form of financing;
 - (v) is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), payable to the Monitor in trust, in an amount equal to ten percent (10%) of the total consideration to be paid, including the cash consideration, the amount to be financed or invested, and/or the amount of debt to be assumed and to be paid pursuant to the Qualified Phase II Bid, to be held and dealt with in accordance with these SA Process Procedures;
 - (vi) it includes written evidence of a firm and irrevocable commitment for all required funding and/or financing from a creditworthy Person to consummate the proposed SAP Transaction;



- (vii) it fully discloses the identity of each Person that is bidding or that will otherwise be sponsoring or participating in the Qualified Phase II Bid, including the identification of the Qualified Phase II Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;
 - (viii) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals; and
 - (ix) such other information reasonably requested by the Monitor, in consultation with the Financial Advisor; and
- (b) the effectiveness of the Definitive Agreement and the completion of the SAP Transaction contemplated thereby shall be conditional upon their approval by the CCAA Court.
27. Following the Phase II Bid Deadline, the Monitor in consultation with the Financial Advisor will assess the Qualified Phase II Bids on the basis of their respective terms and provisions, the amount and form of payment of the Transaction Prices thereunder, any conditions to the completion of the SAP Transaction therein and the probability of such conditions being satisfied, the probability and time-frame within which such Transaction can realistically be completed, the identity and financial capacity of the Qualified Phase II Bidders submitting the Qualified Phase II Bids and of any Persons with a direct and indirect interest therein, if the completion of any such SAP Transactions require debt or equity financing, the probability of completing such financings, and any other factors that the Monitor considers relevant to its assessment.
28. At any time and from time to time, the Monitor and the Financial Advisor may negotiate the terms of any Qualified Phase II Bid and such Qualified Phase II Bid may be amended, modified or varied as a result of such negotiations.
29. The Monitor shall determine with the advice and assistance of the Financial Advisor whether any of the Qualified Phase II Bids are the highest or best Qualified Phase II Bids in respect of one or more of the Companies or some or all of the Businesses and Property (any such Qualified Phase II Bid being a "**Successful Bid**" and the Bidder thereunder being the "**Successful Bidder**") based on its assessments and negotiations contemplated by paragraphs 28 and 29.
30. For greater certainty, the Monitor shall have no obligation to accept the highest or any Qualified Phase II Bid. Where there are multiple Qualified Phase II Bids for different Property or that relate to different Companies, the Monitor with the advice and assistance of the Financial Advisor can designate one or more such Qualified Phase II Bids as Successful Bids and negotiate such amendments to any Qualified Phase II Bids as are necessary.
31. Upon the selection of a Successful Bid, the Successful Bidder shall have ten (10) Business Days within which to negotiate and settle any of the terms of the Definitive Agreement with the Monitor.



32. Once a Successful Bid is determined pursuant to paragraph 30:
- (a) if the Successful Bid is in respect of a Sale Transaction, the Monitor shall apply to the CCAA Court for an order, *inter alia*, approving the Successful Bid and the Sale Transaction contemplated thereby and vesting upon the satisfaction or waiver of the conditions in the Successful Bid of all of the right, title and interest of the Companies in any Property purchased thereunder in the Successful Bidder, free and clear of any mortgages, charges, security interests or other encumbrances identified therein other than those permitted under the Successful Bid; and
 - (b) if the Successful Bid is in respect of an Investment Transaction, the Monitor shall apply to the CCAA Court for such Orders, and to take such steps as are necessary or desirable, in order to implement such Investment Transaction including pursuant to any plan of compromise and arrangement or plan of arrangement provided for therein,
- (any such Order being an "Approval Order").

G. DEPOSITS

33. All Deposits shall be retained by the Monitor in a non-interest bearing trust account with a bank in Canada. If there is a Qualified Phase II Bid that constitutes a Successful Bid, the Deposit paid by the Person making such Successful Bid shall be applied to the consideration to be paid by such Person upon closing of the SAP Transaction constituting the Qualified Phase II Bid.
34. The Deposit(s) of all Persons not making the Qualified Phase II Bid that constitutes a Successful Bid shall be returned to such Persons within five (5) Business Days of the earlier of the date that the Court approves a Successful Bid.
25. If the Person making a Qualified Phase II Bid selected as the Successful Bid breaches or defaults on its obligation to close the transaction in respect of Successful Bid it shall forfeit its Deposit to the Monitor for and on behalf of the Companies; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Companies has in respect of such breach or default.
36. If the Companies are unable to complete the Successful Bid as a result of their own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) than the Deposit shall be returned to the Successful Bidder.

H. GENERAL

33. Except as otherwise permitted herein, participants and prospective participants in the SA Process shall not during the SA Process be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders or Bidders, the details of any Letters of Intent, Qualified Bids, Qualified Phase II Bids or of any confidential discussions or correspondence between the Monitor, the Financial Advisor and/or the Companies and any Potential Bidders, Bidders or Qualified Bidders in connection with the SA Process.



34. All discussions relating to any Letters of Intent, Qualified Bids, or Qualified Phase II Bids shall be directed through the Financial Advisor and/or the Monitor.
35. This SA Process does not, and will not be interpreted to create any contractual or other legal relationship between the Companies, the Monitor or the Financial Advisor and any Potential Bidder, Bidder, Qualified Bidder, Qualified Phase II Bidder or other Person other than as specifically set forth in any Definitive Agreement, which may be signed by the Monitor for and on behalf of the Companies.
36. Without limiting paragraph 35, neither the Monitor nor the Financial Advisor shall have any liability whatsoever to any person or party, including without limitation, any Potential Bidder, Bidder, Successful Bidder or any creditor or other stakeholder of the Companies for any act or omission related to the process contemplated by this SA Process procedure, except to the extent such act or omission is the result of gross negligence or willful misconduct by the Monitor or Financial Advisor. By submitting a Letter of Intent, Binding Offer, Qualified Phase II Bid or Definitive Agreement Bid, each Qualified Phase II Bidder shall be deemed to have agreed that it has no claim against the Monitor or Financial Advisor for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Monitor or Financial Advisor.
37. Potential Bidders and Bidders are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Letter of Intent or Bid, or any due diligence, negotiations or other actions in the SA Process whether or not they lead to the consummation of a SAP Transaction.
38. The Monitor shall have the right to modify the SA Process if, in its reasonable business judgment in consultation with the Financial Advisor and the Companies, such modification will enhance the process or better achieve the objectives of the SA Process, provided that the service list in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

I. DISCLOSURE OF INFORMATION

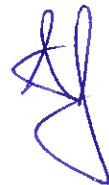
39. Subject to paragraph 40, the Companies and Crown Capital shall have full and complete access to all Qualified Bids, Qualified Phase II Bids and related materials and the Monitor, in consultation with the Financial Advisor, shall periodically update the Companies and Crown Capital on the SA Process and the prospect of a Successful Bid being completed thereunder.
40. Crown Capital is deemed to be a Potential Bidder in accordance with paragraph 17 hereof, and Crown Capital shall not have access to Qualified Bids or Qualified Phase II Bids or related materials and shall not receive updates from the Monitor on the SA Process or on the prospect of a Successful Bid being completed thereunder, unless and until Crown Capital confirms to the Monitor that it intends to and does submit a standing offer that is not subject to any further changes or increases in the amounts set out therein.

Credit Bid

41. Crown Capital shall be entitled to participate in this SA Process as a credit bidder (the "**Credit Bidder**"), provided that any credit bid submitted by Crown Capital must be for the entire sum of the Amounts Outstanding (as defined in the SA Process Order).



42. For the purposes of any credit bid submitted by a Credit Bidder, such Credit Bidder shall be entitled to credit all or any portion of its security as part of its bid but must either (a) irrevocably pay, in cash and in full, all of the obligations in priority (the "**Priority Obligations**") to the Credit Bidder's debt, including for reference any amounts that are priority charges (the "**Priority Charges**") under the Proceedings (the Administration Charge, Interim Financing Charge and the Directors' Charge); or (b) assume or otherwise satisfy any of the Priority Obligations on terms and conditions acceptable to the beneficiary of the security for such Priority Obligations (except for the Administration Charge and the Directors' Charge, which must be paid in cash and in full if there are amounts owing on them at the conclusion of the Proceedings).
43. Any credit bid shall be accompanied by a refundable Deposit in the form of a wire transfer (to a trust account specified by the Monitor), payable to the Monitor in trust, in an amount equal to ten percent (10%) of the total cash consideration to be paid pursuant to the credit bid and the amount of the Priority Obligations to be assumed (except if such amounts have been advanced by the Credit Bidder to the Companies, then no deposit is required to be paid for those amounts that form part of the credit bid). Any such Deposit is to be held by the Monitor and dealt with in accordance with these SA Process Procedures.



Schedule "A"

Financial Advisor

Peters & Co. Limited

Email:
Attention:

Monitor

BDO Canada Limited
110, 5800 – 2nd Street SW
Calgary, AB T2H 0H2

Email: makelly@bdo.ca
Attention: Marc Kelly

Wire Transfer Instructions of Monitor

A handwritten signature in blue ink, consisting of several overlapping loops and lines, located in the bottom right corner of the page.

COURT FILE NUMBER: 2101-00814

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT CROWN CAPITAL PARTNER FUNDING, LP, by its
general partner CROWN CAPITAL LP PARTNER
FUNDING INC.

RESPONDENTS T5 SC OIL AND GAS LIMITED PARTNERSHIP, by its
general partner, CALGARY OIL AND GAS
INTERCONTINENTAL GROUP LTD. (formerly
TRIPLE FIVE INTERCONTINENTAL GROUP LTD.),
CALGARY OIL AND GAS INTERCONTINENTAL
GROUP LTD., CALGARY OIL AND SYNDICATE
PARTNERS LTD. (formerly T5 ENERGY PARTNERS
LTD.), and NADER GHERMEZIAN

DOCUMENT: **CERTIFICATE OF REMOTE COMMISSIONING**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT MLT AIKINS LLP
2100, 222 - 3rd Ave SW
Calgary, AB T2P 0B4
Telephone: 403.693.5420/4347
Fax: 403.508.4349
Attention: Ryan Zahara/Catrina Webster
File: 0024563.00166

Document commissioned by a Lawyer during a Public Emergency Period

1. I, **Kaitlin Ward**, being a lawyer in and for the Province of Alberta, certify that in witnessing and commissioning the within affidavit of Adam Jenkins, executed by the affiant herein, on February 25, 2021:
2. I have complied with the requirements and conditions as outlined in the Notice to the Profession and Public-Remote Commissioning 2020-02 by the Court of Queen's Bench of Alberta on March 25, 2020.
3. I am satisfied that a two-way video conferencing was necessary because it was impossible or unsafe, for medical reasons, for the affiant and the commissioner to be physically present together.

4. I witnessed the signature in a single session during which I was able at all times to *see and hear* the affiant signing the affidavit by electronic means.
5. I am satisfied that the affiant as named in the affidavit is who the person purports to be.
6. I received from the affiant the signed affidavit together with the exhibits by electronic means.
7. I have maintained in my files, the signed affidavit with my signature as a commissioner for oaths, and I have requested that the affiant provide to me the affidavit containing the affiant's original signature.

Dated this 25th day of February, 2021



(Signature of lawyer)

Kaitlin Ward

(Print or type lawyer's name)

COURT FILE NUMBER: 2101-00814
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF CALGARY OIL & GAS
SYNDICATE GROUP LTD., CALGARY OIL AND GAS
INTERCONTINENTAL GROUP LTD. (IN ITS OWN
CAPACITY AND IN ITS CAPACITY AS GENERAL
PARTNER OF T5 SC OIL AND GAS LIMITED
PARTNERSHIP), CALGARY OIL AND SYNDICATE
PARTNERS LTD., AND PETROWORLD ENERGY LTD.

DOCUMENT: **AFFIDAVIT**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MLT AIKINS LLP
2100, 222 - 3rd Ave SW
Calgary, AB T2P 0B4
Telephone: 403.693.5420/4347
Fax: 403.508.4349
Attention: Ryan Zahara/Catrina Webster
File: 0024563.00166

AFFIDAVIT OF ADAM JENKINS

Sworn on February 25, 2021

I, **ADAM JENKINS**, of the City of Calgary, in the Province of Alberta, **SWEAR AND SAY
THAT:**

1. I am a Vice-President with Crown Capital Partners Inc. ("**CCPI**"). CCPI is a specialty finance company which manages certain investment funds, including a credit fund that operates through Crown Capital Partner Funding, LP (the "**Lender**" or "**Crown Capital**"). CCPI is the sole shareholder of the general partner of the Lender, Crown Capital LP Partner Funding Inc. ("**Crown GP**"). Crown GP is authorized and obligated to carry on the business and affairs of the Lender (in its capacity as general partner of the Lender). All references herein to the Lender or Crown Capital shall be deemed to incorporate and include Crown GP acting in its capacity as general partner thereof.

2. I have personal knowledge of the facts and matters deposed to in this Affidavit, except where stated to be based upon information and belief, in which case I believe the same to be true. I have reviewed the books and records of Crown Capital associated with the Companies, and the SA Process Order, SA Process, SAP Procedures, and Engagement Agreement, each as defined below.
3. I am authorized to make this Affidavit on behalf of CCPI and Crown Capital.
4. I am swearing this Affidavit in support of the application of Crown Capital seeking an Order (the **“SA Process Order”**):
 - a. approving the timing and possible commencement of a strategic alternatives process (the **“SA Process”**);
 - b. approving the SA Process procedures (the **“SAP Procedures”**);
 - c. approving the revised form of engagement agreement (the **“Engagement Agreement”**) of Peters & Co. Limited as financial advisor (**“Financial Advisor”**) to run the SA Process;
 - d. approving a charge on behalf of the Financial Advisor for its fees under the Engagement Agreement (the **“Financial Advisor Charge”**); and
 - e. enhancing the powers of BDO Canada Limited in its role as court-appointed monitor (the **“Monitor”**) of Calgary Oil & Gas Syndicate Group Ltd. (**“Syndicate Group”**), Calgary Oil and Gas Intercontinental Group Ltd. (in its own capacity and in its capacity as general partner of T5 SC Oil and Gas Limited Partnership (the **“Partnership”**)) (**“Intercontinental”**, and together with Syndicate Group and the Partnership, the **“Companies”**) to execute the Engagement Agreement, conduct the SA Process and to complete any Transaction (as defined in the SAP Procedures) that arises from the SA Process.

Attached hereto and marked as **Exhibit “A”** is a draft of the proposed form of SA Process Order.

5. As stated in my Affidavit sworn in this Action on February 9, 2021, Crown Capital is the senior secured creditor of the Companies, and, as I understand, a key stakeholder in the within proceedings. As of February 8, 2021, the total indebtedness of the Partnership to Crown Capital is \$30,168,624.60.

The Initial Order

6. On February 11, 2021, an Initial Order was granted in the within Action under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**") which, among other things, ordered a stay of proceedings against the Companies until February 21, 2021 and appointed the Monitor.
7. On February 19, 2021, an order was granted amending and restating the February 11, 2021 initial order and extending the stay of proceedings to March 4, 2021 (such orders are collectively referred to as the "**Initial Order**").

The LOI Transaction

8. On February 17, 2021, the Companies provided to Crown Capital, on a confidential basis, a letter of intent (the "**LOI**") that the Companies had entered into with a third-party (the "**Third Party**").
9. Crown Capital and the Companies have been in discussions in order to permit time for the Companies to close the transaction (the "**LOI Transaction**") contemplated by the LOI, which in accordance with the terms of the LOI is proposed to close on or before March 31, 2021.
10. Crown Capital is proposing to support the Companies' request to have time to close the LOI Transaction; however, Crown Capital is concerned about the passage of time in the event the LOI Transaction is unsuccessful or key milestones (as set out in the SA Process Order) associated with the LOI Transaction are not satisfied. As a result, Crown Capital believes that the SA Process should be initiated as provided for in the SA Process Order in the event the LOI Transaction fails to meet one of the milestones set out therein.

The SA Process

11. In the event that the LOI Transaction fails to advance as contemplated, the Monitor, in consultation with the Companies, Crown Capital and the Financial Advisor, has developed the SA Process.
12. The SA Process is intended to solicit proposals for either a debt or equity investment in the Companies or for the sale of the Companies' Business and Property (as such terms are defined in the Initial Order). As a result, Crown Capital is seeking approval of the SA Process Order and engagement of the Financial Advisor to administer the SA Process under the direction of the Monitor.
13. The SA Process shall only be commenced if any of the key milestones contained in the SA Process Order are not satisfied and once the Monitor issues a notice of non-compliance. In negotiating the SA Process, it was important to Crown Capital to provide sufficient safeguards to all parties in order to provide time to the Companies to carry out the process related to the LOI Transaction, while ensuring that in the event the LOI Transaction is not successful there is robust and fulsome SA Process that is ready to be commenced immediately.
14. The SA Process shall be commenced if any of the following milestones are not satisfied and upon the issuance of the SA Process Notice (as defined below):
 - a. failure of the Companies to provide confirmation to the Monitor that approval has been received from the board of directors of the Third-Party under the LOI by March 10, 2021;
 - b. the Third Party must have paid a refundable deposit (the "**Deposit**") as contemplated by the LOI to the Companies by March 15, 2021, with evidence of same provided by the Companies to the Monitor;
 - c. completion of all definitive documents in respect of the LOI Transaction by March 22, 2021 and the Deposit becomes refundable on this date only in accordance with the terms of the SA Process Order, with evidence of same provided by the Companies to the Monitor; and

- d. closing of the LOI Transaction between the Companies and the Third Party by March 31, 2021, with funds sufficient to repay the amounts outstanding (the “**Amounts Outstanding**”) to Crown Capital as determined by the terms of the SA Process Order, (collectively, (a)-(d) above are referred to as the “**LOI Transaction Milestones**”).
15. Pursuant to the SA Process Order, if any of the LOI Transaction Milestones are not satisfied, the Monitor shall issue a notice (the “**SA Process Notice**”) to the Companies advising that the Monitor will be commencing the SA Process and that the SA Process will commence on the date of the issuance of the SA Process Notice (the “**Commencement Date**”).
16. Further, pursuant to the SA Process Order, upon the issuance of the SA Process Notice, the SA Process will be commenced as of the Commencement Date. A Participating Bidder (as such term is defined in the SA Process Order) has 40 days from the Commencement Date (the “**Phase I Deadline**”) to submit an executed non-binding letter of intent for the Monitor’s review. The Monitor will then select and notify the Qualified Bidders of their selection, and the Qualified Bidders will have 30 days from the date of the Phase I Deadline (the “**Phase II Deadline**”) to submit a definitive agreement to the Monitor.
17. The length of time to get to the Phase I Deadline and the Phase II Deadline are substantially similar to the timelines provided for in the Forbearance Amending Agreement between Crown Capital and the Partnership, and in Crown Capital’s view, those timelines provide sufficient time to expose the business and assets of the Companies to the market in order to obtain a SAP Transaction (as that term is defined in the SAP Procedures).

Benefit of the SA Process Order and Enhanced Monitor’s Powers

18. The Companies have been provided with a significant amount of time since October of 2020 to resolve outstanding issues with the management of their business or pursue a transaction to repay Crown Capital. If the LOI Transaction is unsuccessful the SA Process is intended to provide a backstop to ensure the Business and Property of the Companies are properly marketed, or an investment in the Companies is secured for the benefit of all of the Companies’ stakeholders, including Crown Capital.


19. The SA Process and the milestones under the SA Process Order are essential to ensuring that this matter moves forward on a reasonable timeline and with proper oversight of the Monitor. Crown Capital believes that the LOI Transaction milestones are reasonable and substantially track those milestones contained in the LOI prepared by the Third Party.
20. In the event that the LOI Transaction does not advance or close on a timely basis, it is in the interest of all stakeholders that the SA Process be permitted to proceed as soon as possible with a view to generating the most advantageous transaction available to the Companies in the circumstances, as opposed to focusing only on one potential counter-party under the LOI Transaction.
21. The enhancement of the Monitor's powers is the best means of carrying out the SA Process and is essential to the orderly, efficient and cost-effective administration of these CCAA proceedings. Further, I have been advised by legal counsel and believe that the Monitor has consented to the proposed enhancement of its powers.
22. The commencement of the proposed SA Process, based upon certain defined milestones, would permit the Companies time to close the LOI Transaction without incurring further expenses of an SA Process if the LOI Transaction is able to close. The SA Process provides certainty to Crown Capital that the Companies' Business and Property will be marketed or an investment obtained pursuant to the SA Process sufficient to repay the amounts outstanding to Crown Capital on a reasonable timeline.

Engagement of the Financial Advisor and Financial Advisor Charge

23. It is my understanding that the Monitor is in discussions with the Financial Advisor in respect of any necessary amendments to the form of engagement agreement located at Exhibit 23 of the Affidavit of Ryan Martin sworn on February 5, 2021. The Engagement Agreement will need to be updated to indicate that the Companies are in CCAA proceedings and that the Financial Advisor will require a court-ordered charge against the property of the Companies in order to secure its fees under the terms of the Engagement Agreement. It is also my understanding that a final form of the Engagement Agreement will be finalized and presented for Court approval prior to the March 4, 2021 Court Application.

- 24. Crown Capital supports the engagement of the Financial Advisor and the granting of the charge in favour of the Financial Advisor.
- 25. Crown Capital is proposing that the Financial Advisor Charge shall rank subsequent to the Administration Charge but in priority to the Critical Suppliers' Charge and the Director's Charge (each as defined in the Initial Order), such that the priority of charges under the proposed Amended and Restated Initial Order shall be as follows:
 - a. First - Administration Charge (to the maximum amount of \$334,000);
 - b. Second – Financial Advisor Charge;
 - c. Third – Critical Suppliers' Charge (to the maximum amount of \$60,000); and
 - d. Fourth - Directors' Charge (to the maximum amount of \$25,000).
- 26. I make this Affidavit on behalf of Crown Capital in support of the SA Process Order, approval of the SAP Procedures, the granting of a charge in favour of the Financial Advisor and the enhancement of the Monitor's powers, as set out above.

SWORN BEFORE ME at the City of Calgary,)
 in the Province of Alberta, this 25th day of February,)
 2021.)
)
)
)
)


 _____)
 A Commissioner of Oaths in and for the Province of)
 Alberta)

_____)
ADAM JENKINS

KAITLIN H. WARD
BARRISTER & SOLICITOR

This affidavit was sworn using video technology as Adam Jenkins was not physically present before the Notary, but was linked with the Notary utilizing video technology. The process for remote commissioning of affidavits was thoroughly followed as outlined in the Notice to the Profession and Public – Remote Commissioning 2020-02 by the Court of Queen's Bench on March 25, 2020.

THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF ADAM JENKINS
SWORN BEFORE ME AT Calgary, Alberta
this 25th day of February 2021



A Commissioner of Oaths in and for the Province of Alberta

KATLIN H. WARD
BARRISTER & SOLICITOR

COURT FILE NUMBER **2101-00814**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF CALGARY OIL & GAS SYNDICATE GROUP LTD., CALGARY OIL AND GAS INTERCONTINENTAL GROUP LTD. (IN ITS OWN CAPACITY AND IN ITS CAPACITY AS GENERAL PARTNER OF T5 SC OIL AND GAS LIMITED PARTNERSHIP), CALGARY OIL AND SYNDICATE PARTNERS LTD., AND PETROWORLD ENERGY LTD.

DOCUMENT **ORDER (STRATEGIC ALTERNATIVES PROCESS)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Ryan Zahara/Catrina Webster
MLT AIKINS LLP
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DATE ON WHICH ORDER WAS PRONOUNCED: **MARCH 4, 2021**
LOCATION WHERE ORDER WAS PRONOUNCED: **CALGARY, ALBERTA**
NAME OF JUSTICE WHO MADE THIS ORDER: **THE HONOURABLE MR. JUSTICE D. B. NIXON**

UPON the application of Crown Capital Partnership Funding, LP, by its general partner, Crown Capital LP Partner Funding Inc. ("**Crown Capital**") for an order approving the timing and possible commencement of a strategic alternatives process (the "**SA Process**"), approving the SA Process procedures attached hereto as Schedule "A" (the "**SAP Procedures**") approving the engagement of Peters & Co. Limited ("**Peters**" or the "**Financial Advisor**"), approving a charge on behalf of the Financial Advisor and enhancing the powers of BDO Canada Limited in its role as court-appointed monitor (the "**Monitor**") of Calgary Oil & Gas Syndicate Group Ltd. ("**Syndicate Group**"), Calgary Oil and Gas Intercontinental Group Ltd. ("**Intercontinental**") (in

its own capacity and in its capacity as general partner of T5 SC Oil and Gas Limited Partnership (the “**Partnership**”), Calgary Oil and Syndicate Partners Ltd. (“**Syndicate Partners**”) and Petroworld Energy Ltd. (“**Petroworld**”; together with Intercontinental, Syndicate Group, Syndicate Partners and the Partnership, collectively, the “**Debtors**”);

AND UPON having read the Application of Crown Capital, the Affidavit of Adam Jenkins sworn on February __, 2021 (the “**Jenkins Affidavit**”), the Affidavit of Adam Jenkins sworn on February 9, 2021 (the “**Feb 9 Jenkins Affidavit**”), the second report (the “**Second Report**”) of the Monitor dated February __, 2021; the Affidavit of Ryan Martin sworn on February 17, 2021 (the “**Feb 17 Martin Affidavit**”), including Confidential Exhibit “A” which is a letter of intent (the “**LOI**”) with a third-party (the “**Third-Party**”); the Affidavit of Ryan Martin sworn on February 22, 2021 (the “**Feb 22 Martin Affidavit**”);

AND UPON hearing counsel for Crown Capital, counsel for Intercontinental, the Partnership, Calgary Oil & Gas Syndicate Group Ltd. (“**Syndicate Group**”), Calgary Oil and Syndicate Partners Ltd. (“**Syndicate Partners**”) and Petroworld Energy Ltd. (“**Petroworld**”; together with Intercontinental, Syndicate Group, Syndicate Partners and the Partnership, collectively, the “**Debtors**”), counsel for the Monitor and any other interested parties present,

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

CAPITALIZED TERMS

2. Capitalized terms used but not otherwise defined in this Order shall have the meaning given to such terms in the SAP Procedures.

STRATEGIC ALTERNATIVES PROCESS

3. The SA Process shall be commenced only upon one of the following milestones not being

satisfied and the issuance of the SA Process Notice (as defined below) by the Monitor:

- (a) The Debtors shall provide confirmation to the Monitor that approval has been received from the board of directors of the Third-Party under the LOI by March 10, 2021;
- (b) The Third Party must pay a refundable deposit (the “**Deposit**”) to the Debtors, as contemplated by the LOI, by March 15, 2021 and evidence of same provided by the Debtors to the Monitor;
- (c) Completion of all definitive documents in respect of the transaction (the “**LOI Transaction**”) contemplated by the LOI by March 22, 2021 and evidence of same provided by the Debtors to the Monitor;
- (d) Following the completion of definitive documents pursuant to paragraph 3(c) of this Order, the Deposit shall be refundable if and only if closing of the LOI Transaction does not occur due to:
 - (i) a failure by the Debtors to fulfill a mutual condition or a condition in favour of the Third Party set forth in the definitive documents;
 - (ii) a material breach of a material term of the definitive documents by the Debtors;
 - (iii) a failure by the Debtors to obtain a sale approval and vesting order in respect of the LOI Transaction; or
 - (iv) a failure by the Debtors to obtain all necessary regulatory approvals in connection with the LOI Transaction; and
- (e) Closing of the LOI Transaction between the Debtors and the Third Party by March 31, 2021, subject to Court approval, and provided that, at the time of closing, the Debtors shall have sufficient funds to repay the amounts outstanding to Crown Capital (the “**Amounts Outstanding**”) as determined by paragraph 4 below,

(collectively, (a)-(d) above are referred to as the “**LOI Transaction Milestones**”).

4. The Amounts Outstanding shall be determined prior to closing of the LOI Transaction by:
 - (a) mutual agreement between the Debtors and Crown Capital, or
 - (b) a further Order of this Honourable Court determining Crown Capital’s entitlement to any disputed amounts in respect of the quantum of the Amounts Outstanding.
5. The Monitor, with the consent and agreement of the Debtors and Crown Capital, may agree to extend the deadlines for any of the LOI Transaction Milestones.
6. If any of the LOI Transaction Milestones are not met and the deadline for such LOI Transaction Milestone is not extended in accordance with paragraph 5, then the Monitor shall issue a notice (the “**SA Process Notice**”) in writing to the Debtors, with a copy to Crown Capital and the Financial Advisor, advising that the Monitor will be commencing the SA Process and that the SA Process will commence on the date (the “**Commencement Date**”) of the SA Process Notice.
7. The LOI Transaction can continue in conjunction with the SA Process but the SA Process once commenced must, subject to the SAP Procedures, be completed unless and until Crown Capital is repaid in full the Amounts Outstanding following closing of the LOI Transaction.
8. The SA Process and the SAP Procedures are hereby approved.
9. The Monitor is hereby authorized to conduct the SA Process in conjunction with the Financial Advisor in accordance with the SAP Procedures and may take any necessary steps to complete the SA Process, including, but not limited to the execution of any definitive agreements that are necessary to complete the SAP Transaction that is generated from the SA Process, bringing forward for approval of this Honourable Court any SAP Transaction that is received through the SA Process and is determined to be a Successful Bid, and taking any and all steps that are reasonable or incidental to the foregoing.

10. The Debtors shall cooperate with the Monitor during the SA Process and shall provide all necessary and requested support and information to the Financial Advisor and the Monitor in order for the Monitor to complete the SA Process in accordance with the SAP Procedures, including providing assistance and cooperation to the Monitor in completing any SAP Transaction that is generated from the SA Process.
11. The amended form of engagement agreement (the "**Engagement Agreement**") between the Debtors and Peters, a copy of which is attached to the Second Report is hereby approved and the Monitor is hereby authorized to take all necessary steps on behalf of the Debtors to execute the Engagement Agreement.
12. The Financial Advisor is entitled to the benefits of and is hereby granted a charge (the "**Financial Advisor Charge**") over the Property (as that term is defined in the Second Amended and Restated Initial Order (the "**Second ARIO**") dated March 4, 2021) of the Debtors as security for the fees payable to the Financial Advisor under the terms of the Engagement Agreement.
13. The Financial Advisor Charge shall rank subsequent to the Administration Charge and the Critical Suppliers' Charge but be in priority to the Director's Charge such that the priority of charges under the Second ARIO at paragraph [36] shall be as follows:
 - (a) First - Administration Charge (to the maximum amount of \$350,000);
 - (b) Second – Critical Suppliers' Charge (to the maximum amount of \$60,000);
 - (c) Third – Financial Advisor Charge (to the maximum amount of [S]); and
 - (d) Fourth – Directors' Charge (to the maximum amount of \$25,000).

14. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the day of the transmission or delivery of such documents.
15. Service of this Order on any party not attending the Application is hereby dispensed with.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

Strategic Alternatives Process Procedures

STRATEGIC ALTERNATIVES PROCESS

A. INTRODUCTION

1. Calgary Oil and Gas Intercontinental Group Ltd. ("**Intercontinental**") is an Alberta corporation carrying on business in Alberta, and the general partner of T5 SC Oil and Gas Limited Partnership (the "**Partnership**"), an Alberta registered partnership. Calgary Oil & Gas Syndicate Group Ltd. ("**Syndicate Group**") holds 100% of the voting shares in Calgary Oil and Syndicate Partners Ltd. ("**Syndicate Partners**"). Syndicate Partners holds 100% of the voting shares in Intercontinental and Petroworld Energy Ltd. ("**Petroworld**"; together with Intercontinental, the Partnership, Syndicate Group and Syndicate Partners, the "**Companies**", or individually the "**Company**").
2. The Partnership, through its general partner Intercontinental, operates 10 wells in the Spirit River Formation in the Ferrier area of Northern Alberta.
3. On February 11, 2021, the Honourable Justice D.B. Nixon pronounced an initial order pursuant to the CCAA, which, among other things, commenced the proceedings under the CCAA (the "**Proceedings**"), stayed all proceedings against the Companies for a ten-day period and appointed BDO Canada Limited as court-appointed monitor (the "**Monitor**") of the Companies. On February 19, 2021, the Honourable Justice R.A. Neufeld pronounced an order amending and restating the February 11, 2021 initial order and extending the stay of proceedings to March 4, 2021 (such orders being collectively referred to as the "**Initial Order**").
4. The Monitor, in consultation with the Companies and Peters & Co. Limited, has developed the strategic alternatives process set out herein (the "**SA Process**") in order to solicit interest of potential equity or debt investors in, or buyers of certain property and assets of, the Companies. The SA Process is intended to solicit proposals for either a debt or equity investment in the Companies (an "**Investment Transaction**") or for the sale of the Business and Property (a "**Sale Transaction**", and such opportunity to invest or purchase, a "**SAP Transaction**").
5. Crown Capital Partnership Funding, LP, by its general partner, Crown Capital LP Partner Funding Inc. ("**Crown Capital**") applied pursuant to the CCAA for an Order (the "**SA Process Order**") approving the SA Process and appointing Peters & Co. Limited as financial advisor to administer the SA Process (in such capacity, the "**Financial Advisor**") under the direction of the Monitor, which application is scheduled to be heard on March 4, 2021.
6. The SA Process Order provides that the SA Process will not commence unless there is a breach of the LOI Transaction Milestones (as that term is defined in the SA Process Order) and a SA Process Notice is issued by the Monitor.
7. The date of the SA Process Notice issued by the Monitor will be the commencement date (the "**Commencement Date**") of the SA Process and all of the subsequent deadlines will be calculated by reference to the Commencement Date plus the number of days.

B. INTERPRETATION

8. All capitalized terms used but not otherwise defined in this SA Process shall have meaning the set out or contemplated below:

- (a) “**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act*, RSA 2000, c B-9, as amended;
- (b) “**Bid**” means a Qualified Bid, Qualified Phase II Bid or a Successful Bid;
- (a) “**Bid Deadline**” is defined in paragraph 21;
- (b) “**Bidder**” means a Qualified Bidder and Participating Bidder;
- (c) “**Business**” means the business of the Companies described in paragraph 2;
- (d) “**Business Day**” means any day other than a Saturday, Sunday or a statutory holiday in the City of Calgary in the Province of Alberta;
- (e) “**CCAA**” means the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended;
- (f) “**CCAA Court**” means the Court of Queen’s Bench of Alberta or any appeal court therefrom;
- (g) “**CIM**” is defined in paragraph 13(d);
- (h) “**Companies**” and “**Company**” are defined in paragraph 1;
- (i) “**Commencement Date**” is defined in paragraph 7;
- (j) “**Confidential Information**” has the meaning given to that term in each NDA;
- (k) “**Data Room**” is defined in paragraph 14;
- (l) “**Definitive Agreement**” is defined in paragraph 31;
- (m) “**Deposit**” is defined in paragraph 26(a)(v);
- (n) “**Financial Advisor**” is defined in paragraph 5;
- (o) “**Form of Definitive Agreement**” is defined in paragraph 16;
- (p) “**Initial Order**” is defined in paragraph 3;
- (q) “**Investment Transaction**” is defined in paragraph 4;
- (r) “**Known Potential Bidders**” is defined in paragraph 13(c);
- (s) “**Letter of Intent**” is defined in paragraph 21;
- (t) “**Monitor**” is defined in paragraph 3;
- (u) “**NDA**” is defined in paragraph 13(b);
- (v) “**Participating Bidder**” is defined in paragraph 17;

- (w) **“Person”** means a natural person, whether acting in their own capacity, or in their capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person, or a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind;
- (x) **“Potential Bidder”** is defined in paragraph 17;
- (y) **“Qualified Bid”** is defined in paragraph 22;
- (z) **“Qualified Bidder”** is defined in paragraph 24;
- (aa) **“Phase II Bid Deadline”** is defined in paragraph 26;
- (bb) **“Phase II Qualified Bid”** is defined in paragraph 26;
- (cc) **“Phase II Qualified Bidder”** is defined in paragraph 26;
- (dd) **“Priority Charges”** is defined in paragraph 42;
- (ee) **“Priority Obligations”** is defined in paragraph 42;
- (ff) **“Proceedings”** is defined in paragraph 3;
- (gg) **“Property”** means the property and assets of the Partnership as described in the CIM, and includes, for certainty, the shares of Intercontinental and Syndicate Partners;
- (hh) **“Representative”** means a Person, each director, officer, employee, agent, Affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Person or such Person’s Affiliates;
- (ii) **“Sale Transaction”** is defined in paragraph 4;
- (jj) **“SA Process”** is defined in paragraph 4;
- (kk) **“SA Process Order”** is defined in paragraph 5;
- (ll) **“SAP Transaction”** is defined in paragraph 4;
- (mm) **“Successful Bid”** and **“Successful Bidder”** are defined in paragraph 29;
- (nn) **“Teaser Letter”** is defined in paragraph 13(a);
- (oo) **“Transaction Price”** means the consideration payable under a SAP Transaction.

9. For the purposes of this SA Process:

- (a) words signifying the singular number include the plural and *vice versa*, and words signifying gender include all genders, and the use of the words “including” or “includes” is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively;
- (b) references to paragraphs are to be construed as references to paragraphs of this SA Process unless otherwise specified, references to time of day or date mean the local time or date in the City of Calgary in the Province of Alberta, and references to dollars, monetary amounts or to C\$ are expressed in Canadian currency; and
- (c) the time periods within which or following which any action is to be taken will be calculated by excluding the day on which the period begins and including the day on which the period ends, and if the last day of a time period is not a Business Day, the time period will end on the next Business Day.

C. ADMINISTRATION AND PREPARATION OF THE SA PROCESS

Administration of SA Process

- 10. The Financial Advisor shall administer the SA Process subject to the supervision and direction of the Monitor, and the Companies will be entitled to participate in the SA Process in the manner provided for herein and is entitled to receive all information relating to the SA Process.
- 11. The activities of the Financial Advisor and Monitor hereunder shall be subject to the overall control of the CCAA Court. In the event that there is disagreement as to the interpretation or application of this SA Process, the CCAA Court will have jurisdiction to hear and resolve such disagreement.
- 12. The Financial Advisor, the Companies and the Monitor will each use their reasonable efforts to complete the SA Process in accordance with the timelines set out herein. The Monitor, using its reasonable business judgment, may make adjustments to the timeline that it determines are reasonably necessary.

Preparation for Launching of SA Process

- 13. As soon as reasonably practicable following the Commencement Date, the Financial Advisor shall prepare, in consultation with the Monitor and the Companies:
 - (a) a process summary (the “**Teaser Letter**”) outlining the process under the SA Process and inviting recipients of the Teaser Letter to express their interest in the Property or Business pursuant to the SA Process;
 - (b) a non-disclosure agreement in form and substance satisfactory to the Monitor and the Companies (a “**NDA**”);
 - (c) a list of Persons potentially interested in submitting bids under the SA Process including: (i) Persons that have approached, the Financial Advisor or the Monitor indicating an interest in the SAP Transaction; and (ii) local and international strategic and financial parties who the Financial Advisor, in consultation with the Monitor and the Companies, believe may be interested in a possible Investment

Transaction or Sale Transaction (such Persons being, collectively, the "**Known Potential Bidders**"); and

- (d) a confidential information memorandum ("**CIM**") setting out information with respect to the Business, Property and SA Process.
14. Concurrently with preparing the Teaser Letter, NDA and CIM, the Financial Advisor and the Monitor will gather and review all information, documentation and materials that may reasonably be required by Persons in carrying out due diligence in respect of the Companies, the Property, the Business and the Opportunities under the SA Process and deposit such information, documentation and materials in a secure, electronic data room (the "**Data Room**"), which will be maintained and administered by the Financial Advisor during the SA Process. The Companies and their Representatives shall provide all information, documentation, materials and assistance required by the Financial Advisor and the Monitor in connection with the preparation of the Teaser Letter, the list of Known Potential Bidders, the CIM and the Data Room, and in the due diligence process contemplated by paragraph 19.
15. The solicitation and initial due diligence phase of the SA Process shall also commence on the Commencement Date whereupon:
- (a) the Financial Advisor will issue a press release setting out the information contained in the Teaser Letter and such other relevant information that the Monitor considers appropriate;
 - (b) the Financial Advisor shall cause a notice of the SA Process to be posted on the Financial Advisor's website and published in the Calgary Herald, Edmonton Journal, National Post or Globe and Mail, Daily Oil Bulletin, Oil and Gas Investments Bulletin, and Insolvency Insider once approved by the CCAA Court; and
 - (c) the Financial Advisor shall send the Teaser Letter and NDA to all Known Potential Bidders and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Financial Advisor, the Companies or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
16. The Monitor, in consultation with the Companies, shall prepare and provide to the Financial Advisor word versions of the form of a purchase and sale agreement for Property pursuant to a Sale Transaction and the form of an investment agreement pursuant to an Investment Transaction (each a "**Form of Definitive Agreement**") and the Financial Advisor shall deposit the Forms of Definitive Agreement into the Data Room. A Bidder shall be permitted to modify or revise a Form of Definitive Agreement, or submit its own form of a purchase and sale agreement or an investment agreement, as the case may be, for the purposes of submitting a Bid in the SA Process.

D. MARKETING, SOLICITATION AND DUE DILIGENCE

Potential Bidders and Participating Bidders

17. Any Person who wishes to participate in the SA Process (a "**Potential Bidder**") must, prior

to being provided with a copy of the CIM, being given access to the Data Room, or being permitted to carry out due diligence contemplated by paragraph 19, provide to the Financial Advisor the following:

- (a) written confirmation of the identity of the Potential Bidder, including the direct and indirect principals of the Potential Bidder;
- (b) the contact information for such Potential Bidder; and
- (c) a NDA duly executed and delivered by the Potential Bidder,

whereupon, so long as the disclosure in paragraph 17(a) is acceptable to the Financial Advisor and the Monitor, such Potential Bidder will be qualified to participate in the SA Process, will be provided with a copy of the CIM and will be given access to the Data Room (the Potential Bidder, upon being qualified, shall be referred to as a "**Participating Bidder**").

18. At any time during the SA Process, the Monitor may, acting reasonably, eliminate a Participating Bidder from the SA Process, in which case the Monitor shall provide its reasons for the elimination to the Financial Advisor, the Companies, and such Participating Bidder, and such Participating Bidder shall cease to have access to the Data Room, shall not be permitted to make a Qualified Bid, and shall return to the Monitor all Confidential Information in accordance with the NDA.

Due Diligence

19. The Financial Advisor will afford each Participating Bidder with such reasonable access to due diligence materials and any other information relating to the Companies, the Property and Business that it deems appropriate, in consultation with the Companies and the Monitor, either through the Data Room, management presentations, on-site inspections or otherwise and with such participation as is required by the Monitor. The Financial Advisor will designate a representative to coordinate all such requests for additional information and due diligence access by Bidders and advise the Bidders of the manner in which such requests must be communicated.
20. If the Monitor, in consultation with the Companies, determine that information or due diligence material is proprietary or commercially sensitive, and its disclosure to a particular Bidder could be harmful to the Business, the Monitor in consultation with the Companies, may direct that such Bidder not have access to such information or due diligence material, whereupon such Bidder shall not have such access.

E. BIDDING PROCEDURES

Phase I Bid Deadline

21. A Participating Bidder who wishes to pursue a SAP Transaction further must deliver to the Monitor and Financial Advisor at the addresses specified on **Schedule "A"** an executed non-binding letter of intent (a "**Letter of Intent**") by no later than 5:00 PM (Mountain Time) on **COMMENCEMENT DATE PLUS 40 DAYS** (such date, or any extended date pursuant to paragraph 24, being the "**Phase I Bid Deadline**").

22. In order for a Letter of Intent to be a qualified bid under this SA Process (such qualified Letter of Intent being a “**Qualified Bid**”), the Letter of Intent and Participating Bidder shall comply with the following requirements:
- (a) the Letter of Intent shall be received by the Monitor and Financial Advisor by no later than the Phase I Bid Deadline;
 - (b) the Letter of Intent shall state whether the SAP Transaction is a Sale Transaction or an Investment Transaction and describe the anticipated structure of the SAP Transaction;
 - (c) in the case of a Sale Transaction:
 - (i) the Letter of Intent shall set out the Transaction Price in Canadian dollars and a description of any liabilities to be assumed;
 - (ii) if a Participating Bidder wishes to acquire Property owned by more than one Company, the Transaction Price must be allocated for such Property between the relevant Companies; and
 - (iii) the Letter of Intent shall describe the Property to be purchased and any excluded Property, obligations or liabilities;
 - (d) in the case of an Investment Transaction:
 - (i) the Letter of Intent shall describe the aggregate amount of the equity and/or debt investment to be made in the Business in Canadian dollars;
 - (ii) if the Investment Transaction relates to more than one Company, the Transaction Price must be allocated between the relevant Companies;
 - (iii) if a plan of compromise and arrangement and/or plan of arrangement is required in connection with such Investment Transaction, a summary of the proposed terms, provisions and conditions thereof; and
 - (iv) the Letter of Intent shall set out the *pro forma* capital structure and the underlying assumptions relating to such capital structure;
 - (e) the Letter of Intent for either a Sale Transaction or an Investment Transaction shall contain acknowledgments by the Participating Bidder that:
 - (i) the Participating Bidder has had the opportunity to conduct any and all due diligence regarding the Property, Business and the Companies prior to making the Binding Offer;
 - (ii) the Participating Bidder has relied solely upon its own independent review, investigation and/or inspection of any information, documents or other matters and the Companies, the Business and the Property;
 - (iii) the Participating Bidder did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever made by the

Financial Advisor, the Companies or the Monitor, whether express, implied, statutory or otherwise, regarding the Business, Property, or the Companies, or the accuracy or completeness of any information provided in connection therewith, except as is expressly stated in the Letter of Intent;

- (iv) the contemplated SAP Transaction shall be on an "as-is, where-is" basis; and
 - (v) the Participating Bidder is not entitled to exclusivity, any break fee or any reimbursement of expenses associated with submitting the Letter of Intent, conducting due diligence, negotiating a Definitive Agreement or otherwise participating in the SA Process;
 - (f) the Letter of Intent for either a Sale Transaction or an Investment Transaction shall provide information satisfactory to the Monitor of the financial capacity of the Participating Bidder to complete the Transaction contemplated by the Letter of Intent, and if debt or equity financing is required in order to complete such Transaction the Letter of Intent shall disclose the identity of the Person or Persons providing such financing, the quantum and structure of such financing, and evidence of the availability of such financing; and
 - (g) the Letter of Intent for either a Sale Transaction or an Investment Transaction shall contain:
 - (i) a description of all approvals required by the Participating Bidder in connection with the contemplated SAP Transaction;
 - (ii) a description of any closing conditions in favour of the Participating Bidder;
 - (iii) any other terms or conditions material to the contemplated SAP Transaction; and
 - (iv) any other information or terms requested by the Financial Advisor or the Monitor from time to time.
23. The Monitor, in consultation with the Companies, may waive compliance with one or more of the requirements in paragraphs 21 and 22, whereupon a Letter of Intent that does not comply with such requirements shall be deemed to be a Qualified Bid. If the Monitor is not satisfied with the number of Letters of Intent received or their terms, the Monitor may extend the Bid Deadline, to a date determined by the Monitor, in consultation with the Companies, whereupon the Phase I Bid Deadline shall be deemed to be extended to such date and the Financial Advisor shall notify the Participating Bidders of the requirements that must be satisfied in order for the Monitor to be satisfied with the Qualified Bids.
24. Following the Phase I Bid Deadline, in consultation with the Financial Advisor, the Monitor shall determine whether a Letter of Intent is a Qualified Bid. As soon as reasonably practicable following the determination that a Letter of Intent is a Qualified Bid, the Financial Advisor shall give written notice to the applicable and the Participating Bidder (such Participating Bidder thereafter being a "**Qualified Bidder**") of such determination.

Phase II Bid Deadline

25. Qualified Bidders must submit qualified binding bids ("**Qualified Phase II Bids**") in the form of a Definitive Agreement (as defined below) by no later than **COMMENCEMENT DATE PLUS 70 DAYS** ("**Phase II Bid Deadline**") and any such Qualified Bidder shall thereafter become a "**Qualified Phase II Bidder**" upon submission of the Definitive Agreement to the Monitor and notification by the Monitor or the Financial Advisor that such Definitive Agreement has been accepted as a Qualified Phase II Bid.
26. The applicable form of Definitive Agreement (such definitive agreement being a "**Definitive Agreement**"), which for greater certainty, in addition to the matters contemplated by paragraphs 22(e)(i) to (iii) and (v), shall include the following:
 - (a) the SAP Transaction contemplated by the Definitive Agreement will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Companies, the Monitor, the Financial Advisor or any of their respective Representatives including with respect to the accuracy or completeness of the information contained in the CIM, the Data Room or otherwise made available pursuant to the SA Process or otherwise, except to the extent expressly contemplated in the Definitive Agreement including any of the following;
 - (i) a fully binding and definitive agreement (subject only to Court approval), duly authorized and executed, setting out the terms and conditions of the proposed SAP Transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt, if any, financing and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction; or
 - (ii) a fully binding and definitive agreement (subject only to Court approval), duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto;
 - (iii) the Definitive Agreement is irrevocable for a minimum of thirty-five (35) days following the Phase II Bid Deadline;
 - (iv) it is not conditional on (a) the outcome of unperformed due diligence and/or (b) obtaining any credit, capital or other form of financing;
 - (v) is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), payable to the Monitor in trust, in an amount equal to ten percent (10%) of the total consideration to be paid, including the cash consideration, the amount to be financed or invested, and/or the amount of debt to be assumed and to be paid pursuant to the Qualified Phase II Bid, to be held and dealt with in accordance with these SA Process Procedures;
 - (vi) it includes written evidence of a firm and irrevocable commitment for all required funding and/or financing from a creditworthy Person to consummate the proposed SAP Transaction;

- (vii) it fully discloses the identity of each Person that is bidding or that will otherwise be sponsoring or participating in the Qualified Phase II Bid, including the identification of the Qualified Phase II Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;
 - (viii) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals; and
 - (ix) such other information reasonably requested by the Monitor, in consultation with the Financial Advisor; and
 - (b) the effectiveness of the Definitive Agreement and the completion of the SAP Transaction contemplated thereby shall be conditional upon their approval by the CCAA Court.
27. Following the Phase II Bid Deadline, the Monitor in consultation with the Financial Advisor will assess the Qualified Phase II Bids on the basis of their respective terms and provisions, the amount and form of payment of the Transaction Prices thereunder, any conditions to the completion of the SAP Transaction therein and the probability of such conditions being satisfied, the probability and time-frame within which such Transaction can realistically be completed, the identity and financial capacity of the Qualified Phase II Bidders submitting the Qualified Phase II Bids and of any Persons with a direct and indirect interest therein, if the completion of any such SAP Transactions require debt or equity financing, the probability of completing such financings, and any other factors that the Monitor considers relevant to its assessment.
28. At any time and from time to time, the Monitor and the Financial Advisor may negotiate the terms of any Qualified Phase II Bid and such Qualified Phase II Bid may be amended, modified or varied as a result of such negotiations.
29. The Monitor shall determine with the advice and assistance of the Financial Advisor whether any of the Qualified Phase II Bids are the highest or best Qualified Phase II Bids in respect of one or more of the Companies or some or all of the Businesses and Property (any such Qualified Phase II Bid being a "**Successful Bid**" and the Bidder thereunder being the "**Successful Bidder**") based on its assessments and negotiations contemplated by paragraphs 28 and 29.
30. For greater certainty, the Monitor shall have no obligation to accept the highest or any Qualified Phase II Bid. Where there are multiple Qualified Phase II Bids for different Property or that relate to different Companies, the Monitor with the advice and assistance of the Financial Advisor can designate one or more such Qualified Phase II Bids as Successful Bids and negotiate such amendments to any Qualified Phase II Bids as are necessary.
31. Upon the selection of a Successful Bid, the Successful Bidder shall have ten (10) Business Days within which to negotiate and settle any of the terms of the Definitive Agreement with the Monitor.

32. Once a Successful Bid is determined pursuant to paragraph 30:
- (a) if the Successful Bid is in respect of a Sale Transaction, the Monitor shall apply to the CCAA Court for an order, *inter alia*, approving the Successful Bid and the Sale Transaction contemplated thereby and vesting upon the satisfaction or waiver of the conditions in the Successful Bid of all of the right, title and interest of the Companies in any Property purchased thereunder in the Successful Bidder, free and clear of any mortgages, charges, security interests or other encumbrances identified therein other than those permitted under the Successful Bid; and
 - (b) if the Successful Bid is in respect of an Investment Transaction, the Monitor shall apply to the CCAA Court for such Orders, and to take such steps as are necessary or desirable, in order to implement such Investment Transaction including pursuant to any plan of compromise and arrangement or plan of arrangement provided for therein,
- (any such Order being an “Approval Order”).

G. DEPOSITS

33. All Deposits shall be retained by the Monitor in a non-interest bearing trust account with a bank in Canada. If there is a Qualified Phase II Bid that constitutes a Successful Bid, the Deposit paid by the Person making such Successful Bid shall be applied to the consideration to be paid by such Person upon closing of the SAP Transaction constituting the Qualified Phase II Bid.
34. The Deposit(s) of all Persons not making the Qualified Phase II Bid that constitutes a Successful Bid shall be returned to such Persons within five (5) Business Days of the earlier of the date that the Court approves a Successful Bid.
25. If the Person making a Qualified Phase II Bid selected as the Successful Bid breaches or defaults on its obligation to close the transaction in respect of Successful Bid it shall forfeit its Deposit to the Monitor for and on behalf of the Companies; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Companies has in respect of such breach or default.
36. If the Companies are unable to complete the Successful Bid as a result of their own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) than the Deposit shall be returned to the Successful Bidder.

H. GENERAL

33. Except as otherwise permitted herein, participants and prospective participants in the SA Process shall not during the SA Process be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders or Bidders, the details of any Letters of Intent, Qualified Bids, Qualified Phase II Bids or of any confidential discussions or correspondence between the Monitor, the Financial Advisor and/or the Companies and any Potential Bidders, Bidders or Qualified Bidders in connection with the SA Process.

34. All discussions relating to any Letters of Intent, Qualified Bids, or Qualified Phase II Bids shall be directed through the Financial Advisor and/or the Monitor.
35. This SA Process does not, and will not be interpreted to create any contractual or other legal relationship between the Companies, the Monitor or the Financial Advisor and any Potential Bidder, Bidder, Qualified Bidder, Qualified Phase II Bidder or other Person other than as specifically set forth in any Definitive Agreement, which may be signed by the Monitor for and on behalf of the Companies.
36. Without limiting paragraph 35, neither the Monitor nor the Financial Advisor shall have any liability whatsoever to any person or party, including without limitation, any Potential Bidder, Bidder, Successful Bidder or any creditor or other stakeholder of the Companies for any act or omission related to the process contemplated by this SA Process procedure, except to the extent such act or omission is the result of gross negligence or willful misconduct by the Monitor or Financial Advisor. By submitting a Letter of Intent, Binding Offer, Qualified Phase II Bid or Definitive Agreement Bid, each Qualified Phase II Bidder shall be deemed to have agreed that it has no claim against the Monitor or Financial Advisor for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Monitor or Financial Advisor.
37. Potential Bidders and Bidders are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Letter of Intent or Bid, or any due diligence, negotiations or other actions in the SA Process whether or not they lead to the consummation of a SAP Transaction.
38. The Monitor shall have the right to modify the SA Process if, in its reasonable business judgment in consultation with the Financial Advisor and the Companies, such modification will enhance the process or better achieve the objectives of the SA Process, provided that the service list in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

I. DISCLOSURE OF INFORMATION

39. Subject to paragraph 40, the Companies and Crown Capital shall have full and complete access to all Qualified Bids, Qualified Phase II Bids and related materials and the Monitor, in consultation with the Financial Advisor, shall periodically update the Companies and Crown Capital on the SA Process and the prospect of a Successful Bid being completed thereunder.
40. Crown Capital is deemed to be a Potential Bidder in accordance with paragraph 17 hereof, and Crown Capital shall not have access to Qualified Bids or Qualified Phase II Bids or related materials and shall not receive updates from the Monitor on the SA Process or on the prospect of a Successful Bid being completed thereunder, unless and until Crown Capital confirms to the Monitor that it intends to and does submit a standing offer that is not subject to any further changes or increases in the amounts set out therein.

Credit Bid

41. Crown Capital shall be entitled to participate in this SA Process as a credit bidder (the "**Credit Bidder**"), provided that any credit bid submitted by Crown Capital must be for the entire sum of the Amounts Outstanding (as defined in the SA Process Order).

42. For the purposes of any credit bid submitted by a Credit Bidder, such Credit Bidder shall be entitled to credit all or any portion of its security as part of its bid but must either (a) irrevocably pay, in cash and in full, all of the obligations in priority (the "**Priority Obligations**") to the Credit Bidder's debt, including for reference any amounts that are priority charges (the "**Priority Charges**") under the Proceedings (the Administration Charge, Interim Financing Charge and the Directors' Charge); or (b) assume or otherwise satisfy any of the Priority Obligations on terms and conditions acceptable to the beneficiary of the security for such Priority Obligations (except for the Administration Charge and the Directors' Charge, which must be paid in cash and in full if there are amounts owing on them at the conclusion of the Proceedings).

43. Any credit bid shall be accompanied by a refundable Deposit in the form of a wire transfer (to a trust account specified by the Monitor), payable to the Monitor in trust, in an amount equal to ten percent (10%) of the total cash consideration to be paid pursuant to the credit bid and the amount of the Priority Obligations to be assumed (except if such amounts have been advanced by the Credit Bidder to the Companies, then no deposit is required to be paid for those amounts that form part of the credit bid). Any such Deposit is to be held by the Monitor and dealt with in accordance with these SA Process Procedures.

Schedule "A"

Financial Advisor

Peters & Co. Limited

Email:
Attention:

Monitor

BDO Canada Limited
110, 5800 – 2nd Street SW
Calgary, AB T2H 0H2

Email: makelly@bdo.ca
Attention: Marc Kelly

Wire Transfer Instructions of Monitor

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