



COURT FILE NUMBER 2001-01210

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF GMT CAPITAL CORP.

DEFENDANTS STRATEGIC OIL AND GAS LTD. and STRATEGIC TRANSMISSION LTD.

IN THE MATTER OF THE RECEIVERSHIP OF STRATEGIC OIL & GAS LTD. and STRATEGIC TRANSMISSION LTD.

APPLICANT KPMG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF STRATEGIC OIL AND GAS LTD. and STRATEGIC TRANSMISSION LTD.

DOCUMENT FIRST REPORT OF THE RECEIVER

DATE FEBRUARY 14, 2020

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# ***1. INTRODUCTION AND PURPOSE OF REPORT***

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## **Introduction**

1. By order (the “**Alberta Receivership Order**”) of the Court of Queen’s Bench of Alberta (the “**Court**”) dated January 28, 2020, KPMG Inc. (“**KPMG**”) was appointed receiver and manager (the “**Receiver**”) of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. (together, “**Strategic**” or the “**Company**”) pursuant to an application brought by GMT Capital Corp. (“**GMT**”) under section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”), section 13(2) of the *Judicature Act*, RSA 2000, c J-2, section 99(a) of the *Business Corporations Act*, RSA 2000, c B-9 and section 65(7) of the *Personal Property Security Act*, RSA 2000 c P-7, without security, of all of the current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof with the exception of the Northwest Territories property (collectively, the “**Property**”) of the Company.
2. Concurrently, the government of the Northwest Territories (“**GNWT**”) requested that a separate receiver (the “**NWT Receiver**”) be appointed solely over the assets located in the Northwest Territories. Consequently, a separate receivership order was granted for the Northwest Territories assets (the “**NWT Receivership Order**”).

## **Purpose of the Report**

3. This is the Receiver’s first report to the Court (the “**First Report**” or this “**Report**”) which has been prepared to provide the Court with:
  - a) Background information on the Company;
  - b) A summary of the Company’s primary assets and liabilities;
  - c) An update on the actions of the Receiver since the Receivership Date;
  - d) A summary of the Receiver’s proposed sale and investment solicitation process (“**SISP**”); and
  - e) The Receiver’s recommendations.

## Terms of Reference

4. All materials filed with the Court and all orders granted by the Court in connection with the receivership proceedings will be made available to creditors and other interested parties in electronic format on the Receiver's website <https://www.kpmg.com/ca/strategic> (the "**Receiver's Website**").
5. In preparing this Report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the "**Information**") prepared by the Company and/or its representatives, and discussions with the Company's management and/or representatives.
6. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants Handbook, and accordingly the Receiver expresses no opinion or other form of assurance in respect of the Information.
7. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Receiver.
8. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

## ***2. BACKGROUND INFORMATION ON THE COMPANY***

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9. Strategic is an oil and gas exploration and production company with operating wells in the Marlowe area of Alberta (“**Marlowe**”) and non-operational assets in other areas of both Alberta and the Northwest Territories.
10. Due to the oil and gas industry wide downturn, the Company began experiencing financial difficulties. Prior to the CCAA Proceedings (defined herein), the Company conducted a sales and investment solicitation process for its assets. However, none of the offers received were accepted and the Company began to pursue alternative options.
11. On April 10, 2019 Strategic sought and obtained protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) pursuant to an order granted by the Court.
12. The Initial Order granted, *inter alia*, a stay of proceedings (the “**Stay**”) against Strategic until and including May 6, 2019 and appointed KPMG Inc. (“**KPMG**”) as Monitor (“**Monitor**”). The proceedings commenced by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”. By a series of subsequent orders, the Court extended the Stay to January 31, 2020.
13. During the CCAA Proceedings the Company, with the assistance of the Monitor and the approval of the Court, conducted a further sales and investment solicitation process (the “**CCAA SISP**”). The CCAA SISP resulted in four bids for various subsets of the Company’s assets.
14. The bids were presented to the Alberta Energy Regulator (the “**AER**”), the GNWT, and the Office of the Regulator of Oil and Gas Operations (“**OROGO**”) (collectively, the “**Regulators**”) but none proved to be acceptable.
15. The Company sought to restructure through a plan of compromise and arrangement developed through several iterations during the CCAA Proceedings (collectively, the “**Plan**”). The Company was unable to develop the Plan in any iteration acceptable to the Regulators.
16. Further background and information regarding the Company and the previous CCAA Proceedings can be found on the Receiver’s website at <https://www.kpmg.com/ca/strategic>.

### ***3. THE COMPANY'S PRIMARY ASSETS***

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17. As at the Receivership Date, the Company's primary Alberta based assets as recorded in the Company's books and records are summarized as follows:

<b>Company's Primary Assets</b>	<b>CAD \$ (000's)</b>
Property, plant, and equipment	111,173
Exploration and evaluation assets	13,257
Cash	4,999
Prepaid expenses	871
Accounts receivable	289
Oil inventory	88
<b>Total</b>	<b>130,676</b>

18. Strategic's assets primarily consist of oil and gas reserves and the equipment and facilities necessary to exploit the reserves located throughout Alberta. As at the Receivership Date, only the Marlowe Assets (defined herein) are operational and continue in production. The Company's Bitscho Assets and Conrad Assets (both also defined herein) are currently shut-in and are non-operational.
19. The reported value of the Company's property, plant and equipment is based on the net book value recorded in the books and records of the Company. This balance may not accurately reflect the net realizable value of the assets.
20. Exploration and evaluation assets are expenditures incurred by Strategic in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. This balance may not accurately reflect the net realizable value of the assets.
21. The funds held in Strategic's bank account have been transferred to the Receiver's trust account.

#### ***4. THE COMPANY'S PRIMARY LIABILITIES***

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22. As at the Receivership Date, the Company's primary liabilities as recorded in the Company's books and records are summarized as follows:

<b>Company's Primary Liabilities</b>	<b>CAD \$ (000's)</b>
Asset Retirement Obligations	74,490
Long term debt	14,756
Trade and miscellaneous accounts payable	10,853
<b>Total</b>	<b>100,099</b>

23. Asset retirement obligations represent the amount that Strategic estimates is required to incur to properly abandon and reclaim all oil and gas assets. If Strategic does not perform the retirement work, or if the related assets are not sold to a company willing to assume the liabilities, Strategic must post a security deposit to be applied against the estimated cost to abandon and reclaim Strategic's remaining deemed liabilities.
24. Long term debt represents funds advanced by GMT to the Company prior to the date of the receivership.
25. Trade accounts payable liabilities incurred while the Company was in the CCAA Proceedings will continue to be paid in the normal course, to ensure continued and safe operations of the Company's producing assets pursuant to the terms of the Receivership Order and are not included in the balance above.
26. Based on the books and records available to the Receiver, the Company had approximately 184 unsecured creditors as at the Receivership Date consisting primarily of oilfield service providers.



## ***5. ACTIVITIES OF THE RECEIVER TO DATE***

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### **Initial Receivership Activities**

27. On the Receivership Date, the Receiver attended the Company's head office to undertake the following initial actions:
- a) Informed the Strategic employees of the Alberta Receivership Order and the Receiver's appointment thereunder, and terminated all employees of Strategic;
  - b) Engaged eleven former employees under their previous employment terms to assist the Receiver with the continuation of the Company's operations;
  - c) Identified and secured the Company's books and records; and
  - d) Secured access to the Strategic head office, limiting such access to the Receiver and those former employees engaged by the Receiver.

### **Cash and Banking**

28. The Receiver sent notice to the Company's financial institution, Royal Bank of Canada ("**RBC**"), that all of the Company's accounts were to be immediately frozen and the balances forwarded to the Receiver for deposit into the Receiver's trust account. The Company's bank account remains open for receipts only.
29. The Receiver immediately opened a new trust account in the name of the receivership estate and subsequently transferred all available cash in the Company's bank accounts to the Receiver's trust account.
30. In addition to the cash on hand of approximately \$5.0 million, RBC held approximately \$4.4 million of additional funds the company had previously paid as full cash collateral for various letters of credit issued to the GNWT, the AER and other third parties. The Receiver expects all letters of credit to be fully drawn upon, and as such, expects no recovery of the collateral held by RBC.

## **Books and Records**

31. All books and records remain at the Company's office. All former employees not subsequently engaged by the Receiver have had their access to the books and records terminated.
32. A portion of the books and records solely relate to the assets located in the Northwest Territories. Such assets have been physically segregated for use by the NWT Receiver.

## **Insurance**

33. The Receiver has continued and renewed the existing insurance policies held by the Company throughout the CCAA Proceedings. The Receiver has been added as a loss payee to all relevant policies.
34. Certain insurers have opted not to extend the policies previously offered, and have allowed only a short renewal period to allow the Receiver to arrange for alternate insurance coverage. The Receiver has been in contact with the Company's insurance broker, and will identify alternate insurers prior to the expiry of any of the policies.

## **Notice**

35. Paragraph 36 of the Alberta Receivership Order addresses what is deemed good and sufficient service, and the Receiver confirms that all requirements were met subsequent to its appointment. A copy of the notice and statement of the Receiver is attached hereto as **Appendix "A"**.

## **Management, Employees, and Contractors**

36. As at the Receivership Date, the Company had thirteen employees. The Receiver attended the head office to advise the employees of the appointment of the Receiver and the termination of their employment.
37. The Receiver engaged eleven employees to assist with the continuation of the Company operations.
38. All employees received their wages due to January 31, 2020, beyond the Receivership Date. Such wages included any vacation pay due. As such, no payments pursuant to the Wage Earner Protection Program Act ("**WEPPA**") are intended by the Receiver.

## **Continuing Operations and Field Projects**

39. Shortly after the Receivership Date, the Receiver met with the AER to discuss the Company's ongoing operations, compliance with applicable regulations, and overall receivership strategy. The AER is supportive of the Receiver continuing operations throughout the receivership, insofar as adequate personnel and procedures are in place to remain in compliance with relevant safety and environmental regulations.
40. In addition, the Receiver met with the NWT Receiver shortly after the Receivership Date, to discuss coordination of receivership duties. The Receiver informed the NWT Receiver that any costs or fees incurred by the Receiver relating to NWT assets will be recovered from the NWT Receiver.
41. As at the Receivership Date, a number of field projects to be performed on operations and non-operations assets were in various stages of planning. The Receiver is in the process of discussing all such projects with the Company's former management and with the AER to assess the regulatory requirements and potential enhancement of value such work will bring to the assets.

## **Cash Flow Projection**

42. The Receiver has prepared a cash flow projection (the "**Cash Flow Projection**") for the period of January 28, 2020 to July 31, 2020 (the "**Forecast Period**") based on the previously prepared projections by the Company's former management during the CCAA Proceedings and amended by the Receiver.

Receivership Cash Flow Projection							CAD \$ (000's)
	Jan 28 -						
	Feb 29, 2020	March 2020	April 2020	May 2020	June 2020	July 2020	
<b>Cash Receipts</b>							
Production Revenue, net	1,322	895	1,284	1,235	1,260	1,195	
Other receipts	50	40	50	40	50	40	
<b>Total Cash Receipts</b>	<b>1,372</b>	<b>935</b>	<b>1,334</b>	<b>1,275</b>	<b>1,310</b>	<b>1,235</b>	
<b>Cash Disbursements</b>							
Royalties	41	-	31	7	15	12	
Property taxes	116	116	116	116	116	116	
Operating, capital & regulatory expenditures	1,764	870	1,063	835	1,035	1,200	
Payroll	283	189	189	189	189	189	
General & administrative costs	117	124	127	87	111	119	
Contingency	500	400	300	300	200	200	
<b>Total Cash Disbursements</b>	<b>2,822</b>	<b>1,699</b>	<b>1,825</b>	<b>1,534</b>	<b>1,665</b>	<b>1,837</b>	
<b>Cash Flow From Operations</b>	<b>(1,450)</b>	<b>(764)</b>	<b>(491)</b>	<b>(259)</b>	<b>(355)</b>	<b>(602)</b>	
Professional fees - Monitor and Monitor's Counsel	-	73	-	-	-	-	
Professional fees - Receiver and Receiver's counsel	-	350	200	200	125	125	
<b>Net Change in Cash</b>	<b>(1,450)</b>	<b>(1,187)</b>	<b>(691)</b>	<b>(459)</b>	<b>(480)</b>	<b>(727)</b>	
Opening Cash	4,999	3,550	2,363	1,672	1,213	732	
<b>Ending Cash</b>	<b>3,550</b>	<b>2,363</b>	<b>1,672</b>	<b>1,213</b>	<b>732</b>	<b>6</b>	

43. The Receiver estimates that it will have sufficient cash resources to continue operations until approximately July 31, 2020. The Receiver intends to have any sale offer received through the SISF completed by this date.
44. The Receiver notes the large contingency of \$1.9 million that is included in the cash flow forecast. This contingency is to take into account the potential cost variability of field and maintenance work to be performed, and unforeseen safety-related issues that may arise throughout the receivership.

## ***6. SALE AND INVESTMENT SOLICITATION PROCESS***

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45. The Company's assets consist of the following parcels throughout Alberta:
- a) Marlowe – a light oil Devonian aged reservoir located in northern Alberta with production of approximately 1,050 barrels of oil equivalent per day (“**boe/d**”) (the “**Marlowe Assets**”);
  - b) Bistcho and Larne – assets located in Northern Alberta where current production is shut-in (the “**Bistcho Assets**”). The Bistcho Assets are connected by an interprovincial pipeline to assets under the purview of the NWT Receiver;
  - c) Conrad and Taber – assets located in southern Alberta where current production is shut-in (the “**Conrad Assets**”); and
  - d) Certain potential tax pools (the “**Tax Pools**”).
46. The Marlowe Assets, Bistcho Assets, Conrad Assets and the Tax Pools comprise the Company's Alberta assets (collectively, the “**Alberta Assets**”).
47. The Receiver has developed a proposed SISP in order to market the Assets to potential investors and purchasers. A copy of the SISP is hereto attached as **Appendix “B”**.
48. The SISP reflects the fact that two previous sale and investment solicitation processes in respect of the Alberta Assets have already been undertaken:
- a) A pre-CCAA process that generated no firm offers; and
  - b) A CCAA SISP, approved by the Court on May 9, 2019, that generated four bids.
49. The CCAA SISP was a thorough exercise carried out between mid-May and late July 2019 and included national and local advertising, a teaser sent to some 326 identified parties, a substantial and substantive data room, site visits and management presentations.
50. Four bids were generated in the CCAA SISP but none were deemed acceptable to either the AER and/or the GNWT.

51. The Receiver does not believe that an extended sales process is appropriate given:
- a) The previous processes undertaken;
  - b) The limited cash and cash flow negative operations;
  - c) The time available in the receivership given cash flow negative operations;
  - d) The Alberta Assets are already well understood by any potential interested parties; and
  - e) There will be a need for a lengthy period after the closing date for bids to allow for any necessary regulatory approval requirements to be met.
52. Accordingly, the Receiver has developed a streamlined sales process reflective of the foregoing.

### **SISP Details**

53. An overview of the SISP is provided below. Capitalized terms not defined herein are defined in the SISP.
- a) No later than seven days after Court approval of the SISP, the Company shall publish notice of the SISP in *The Globe and Mail*, *National Post*, *Calgary Herald*, *Edmonton Journal*, and the *Daily Oil Bulletin*;
  - b) In order to participate in the SISP and ultimately be considered for qualification as a potential bidder (“**Potential Bidder**”), an interested party must deliver to the Receiver:
    - i. A duly executed Confidentiality Agreement (“**CA**”);
    - ii. A letter setting forth the identity of the party, contact information, and full disclosure of the direct and indirect owners of the party and their principals; and
    - iii. Written acknowledgement of receipt of a copy of the Court order approving the SISP and agreeing to accept and be bound by the provisions contained therein;
  - c) Once an interested party has satisfied all of the requirements above, they will be deemed a Potential Bidder and be provided access to the Receiver’s virtual data room that contains due diligence materials and information relating to the Company and its property; and

- d) The SISP will be conducted on an “as is, where is” basis.
54. The following further provisions of the SISP apply to Potential Bidders who wish to submit a bid for the Company’s assets:
- a) The bid deadline for written offers to be received is April 15, 2020 (the “**Bid Deadline**”);
  - b) An offer submitted by a Potential Bidder will be considered a qualified bid (“**Qualified Bid**”) only if the offer complies with all of the requirements outlined in sections 5.1 of the SISP;
  - c) Immediately following the Bid Deadline, all Qualified Bids will be reviewed and assessed as to their likelihood of successful completion;
  - d) In the event that there are no Qualified Bids or none of the Qualified Bids received were likely to be successful, the SISP will be deemed to be terminated;
  - e) Subsequent to the Bid Deadline, the Receiver will provide all Qualified Bids not eliminated to the Alberta Energy Regulator (the “**AER**”) for AER’s review;
  - f) Upon completion of the AER’s review, and any further negotiations or clarifications that may be conducted, the Receiver will identify the Successful Bid(s). Any Qualified Bidder who made a Successful Bid is a “**Successful Bidder**”;
  - g) Upon notifying a Qualified Bidder that it is a Successful Bidder, the Receiver and the Successful Bidder will promptly move to finalize the sale; and
  - h) The Receiver shall apply to the Court as soon as practicable for approval by the Court of a proposed sale.
55. The Receiver is of the view that the SISP is appropriate for the following reasons:
- a) The Receiver will leverage the experience, information and knowledge gained from both the CCAA SISP and the information from the pre-CCAA sales process (as most of the employees present during the pre-CCAA sales process remain with the Company);
  - b) The Receiver will be able to approach parties identified during the CCAA SISP as potentially interested parties;

- c) In addition, a regional and national advertising campaign will increase exposure to any potential parties not previously aware of the CCAA SISP;
- d) The Company's assets will be widely exposed to the market for a sufficient length of time;
- e) The Company will have sufficient cash resources to continue operations throughout the SISP period, maximizing the likely value of the oil and gas producing properties;
- f) As this will now be the third sales process that has been ran in respect of the Company's assets, the market is likely aware of the potential of, and issues surrounding, the subject assets. Such awareness should reduce the due diligence period required, and lead to a rapid sale process for Successful Bidders;
- g) The AER has indicated an openness to review various sales proposals under the receivership SISP; and
- h) The AER is supportive of the proposed SISP process.



## ***7. RECEIVER'S RECOMMENDATIONS***

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56. The Receiver submits this First Report, respectfully requesting that the Court:
- a) Approve the First Report and the activities of the Receiver as set out therein; and
  - b) Approve the SISP as detailed herein.

This Report is respectfully submitted this 14<sup>th</sup> day of February, 2020

**KPMG Inc.**

**In its capacity as Court-appointed Receiver of  
Strategic Oil & Gas Ltd. and Strategic Transmission Ltd.  
and not in its personal or corporate capacity**



Per: Neil Honess  
*Senior Vice President*

**APPENDIX "A"**

**NOTICE AND STATEMENT OF THE RECEIVER**

**PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3**

**FORM 87**

**NOTICE AND STATEMENT OF THE RECEIVER**

(Subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

**IN THE MATTER OF THE RECEIVERSHIP OF  
STRATEGIC OIL & GAS LTD. AND STRATEGIC TRANSMISSION LTD.**

**The Receiver gives notice and declares that:**

1. On the 28<sup>th</sup> day of January, 2020, the undersigned, KPMG Inc., became the receiver and manager (the “**Receiver**”) in respect of the Alberta assets, undertakings and properties of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. (together, the “**Company**”). The property of the Company can be summarized as follows<sup>1</sup>:

<b>Assets</b>	<b>Amount (CAD \$)</b>
Property, plant, and equipment	111,172,757
Exploration and evaluation assets	13,257,030
Cash	4,999,360
Term deposits held by bank as security for letters of credit	266,530
Prepaid expenses	870,871
Accounts receivable	288,551
Oil inventory	87,714
<b>Total</b>	<b>130,942,814</b>

2. The undersigned became the Receiver in respect of the Alberta assets, undertakings and properties described above by virtue of being appointed by the Court of Queen’s Bench of Alberta File No. 2001 - 01210, Calgary Judicial Centre, dated January 28<sup>th</sup>, 2020. A copy of the appointing order can be found on the receiver’s website at: <http://kpmg.com/ca/strategic>.
3. The undersigned took possession or control of the property described above on the 28<sup>th</sup> day of January, 2020.
4. The following information relates to the Receivership:
  - (a) Address of insolvent persons: 645 7 Ave S.W.  
Calgary, AB T4P 4G8
  - (b) Principal line of business: Oil & Gas Exploration and Production
  - (c) Locations of business: Calgary based oil and gas company with properties in Alberta and Northwest Territories
  - (d) Estimated amount owed by the Company to each creditor who holds security on the property described above<sup>2</sup>:

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<sup>1</sup> The above summary of the estimated assets is prepared based on the books and records of the Company and may not accurately reflect the net realizable value of the Company’s assets.

<sup>2</sup> The balances pertaining to Estimated End of Life Obligations are an estimate based on the books and records of the Company. Further, both Alberta Energy Regulator and the Office of the Regulator of Oil and Gas Operations balances have been included for completeness.

*Notice and Statement of the Receiver (Subsections 245(1) and 246(1))*

<b>Secured Creditor</b>	<b>Amount (CAD \$)</b>
Bay Resource Offshore Master LP	6,862,979
Bay Resource Partners LP	3,817,951
Bay II Resource Partners LP	2,969,968
GMT Capital Corp	556,869
Tom Claugus	550,783
GMT Exploration Company LLC	456,450
Royal Bank of Canada	301,530
Builders' liens	<i>Unknown</i>
<b>Total</b>	<b>15,516,530</b>

<b>Estimated End of Life Obligations</b>	<b>Amount (CAD \$)</b>
Alberta Energy Regulator	54,397,908
Office of the Regulator of Oil and Gas Operations	12,375,385
<b>Total</b>	<b>66,773,293</b>

(e) The list of other creditors of the insolvent persons<sup>3</sup> and the amount owed to each creditor (to the extent that it is known) and the total amount due by the insolvent persons is attached to this notice as **Appendix “A”**.

(f) The intended plan of action of the Receiver during the receivership is to evaluate and execute on the appropriate steps to realize on the assets with a view to maximizing recoveries for all creditors.

(g) Contact person for Receiver:

Cameron Browning  
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Suite 3100, 205-5<sup>th</sup> Avenue SW  
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Facsimile: (403) 691-8008  
Email: jsithole@kpmg.ca

Dated at Calgary, Alberta, this 7<sup>th</sup> day of February, 2020.

**KPMG Inc.**, in its capacity as receiver and manager of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. and not in its personal or corporate capacity



Per: Neil Honess  
*Senior Vice President*

<sup>3</sup> The listing of unsecured creditors includes balances related to both Alberta and Northwest Territories.

## APPENDIX "A"

### LIST OF UNSECURED CREDITORS

UNSECURED CREDITORS	AMOUNT CAD
1032750 ALBERTA LTD.	\$ 40,262
1237776 ALBERTA LTD.	140,963
1356518 ALBERTA LTD.	5,250
652395 ALTA LTD.	20,582
720240 ALBERTA LTD. O/A/ BW RENTALS	6,053
794454 ALBERTA LTD.	39,748
883492 ALBERTA LTD.	645,452
ABACUS DATA	47
ABOVE & BEYOND COMPRESSION INC.	4,232
ADVANCED FLOW TECHNOLOGIES INC	4,942
AEC PROPERTY TAX INC.	3,720
AGAT LABORATORIES	1,200
AIR LIQUIDE CANADA INC.	1,027
AKS GEOSCIENCE INC.	1,260
ALBERTA LINE FIND LTD	336
ALBERTA ONE-CALL CORPORATION	6
ALOYTA CONSULTING LTD.	1,208
AMBER ENVIROSERVICES SERVICES INC. (2006)	19,530
AMBIUS	161
APEX DISTRIBUTION INC.	39,257
A-PLUS T2P SERVICE LTD.	103
ARCAO CONSULTING	7,854
ARNOLD ENTERPRISES LTD.	73,336
AURORA LAND CONSULTING LTD.	22,079
AVEDA TRANSPORTATION AND ENERGY SERVICES INC	6,585
AVENGE ENERGY SERVICES INC.	101,603
BAKER HUGHES BUSINESS SUPPORT SERVICES	55,396
BARON OILFIELD SUPPLY	33,601
BELL EXPRESSVU	1,593
BETA-TECH INC.	1,943
BHC ENTERPRISES LTD.	1,369
BLUE WAVE ENERGY	175,919
BONNETT'S ENERGY SERVICES PARTNERSHIP	79,333
BRITANIA INDUSTRIES INC.	5,600
BROGAN SAFETY SUPPLY LTD	2,552
BUFFALO INSPECTION SERVICES (2005) INC.	30,407
C&C SYSTEMS LIMITED	80,688
CALGARY STAMP & STENCIL CORP	35
CALIBER ENERGY SYSTEMS LTD.	22,741
CANADIAN NATIONAL NON-FREIGHT MANAGEMENT	525
CAON SERVICES INC.	200
CARON MEASUREMENT & CONTROLS	6,449
CENOVUS ENERGY INC.	2,908
CGI INFORMATION SYSTEMS AND MANAGEMENT	131
CHAMPION AUTOMATION & MEASUREMENT SERVICES, LLC	391
CITIMAIL INC	74
CJ-CSM INSPECTION LTD	48,370
COMMONWEALTH FREIGHT SERVICES	1,575
COMPACT COMPRESSION INC.	12,469
COMPASS GROUP CANADA LTD.	243,447
COMPUTERSHARE TRUST COMPANY OF CANADA	4,689
CONOCOPHILLIPS CANADA RESOURCES CORP	408
CONTINENTAL IMAGING PRODUCTS	1,929
COPYSEIS LTD	4,401
CORE LABORATORIES CANADA LTD	40,792
CORPORATE EXPRESS	731
CORTEX BUSINESS SOLUTIONS LTD.	1,580
CRESCENT POINT RESOURCES PARTNERSHIP	5,683
D. MAC SERVICES LTD.	347
DATA CAN SERVICES CORP	11,930

DEBIAN INFORMATION TECHNOLOGY	13,356
DELOITTE LLP	1,786
DELTA HELICOPTERS LTD.	21,644
DENE THA' FIRST NATION	26,040
DENTONS CANADA LLP	3,109
DIGAA ENTERPRISES LIMITED	858,298
DNOW CANADA ULC	41,985
ELDON'S TRANSPORT LTD	41,003
ENERGYLINK HOLDINGS LLC	355
ENMAX ENERGY CORPORATION	35,500
ENSIGN TESTING SERVICES INC.	7,924
ENVIRO SHRED INC.	153
FDI ACOUSTICS INC.	3,833
FINNING (CANADA)	25,239
FLUID PRESSURE TESTING LTD	30,083
FORMULA POWELL LP	94,794
FOUR-L-ENT	150,570
FRONTLINE COMPRESSION SERVICES INC.	3,150
FUNDTHROUGH INC.	121,516
GLOBAL WELL SERVICING LTD	761,937
GLOBALSTAR CANADA SATELLITE CO.	506
GREG MCKINNEY PICKER SERVICE LTD.	81,359
GREGG DISTRIBUTORS	4,702
H2SAFETY SERVICES INC.	3,570
HAMDON ENERGY SOLUTIONS LTD	2,410
HAWK HYDROVAC LTD.	735
HIGH LEVEL NATIVE FRIENDSHIP CENTRE SOCIETY	12,667
HIGH LEVEL WELDING SUPPLIES	4,073
HIRT'S VACUUM TRUCK SERVICE LTD.	1,680
HUSKY OIL OPERATIONS LIMITED	756
I-DENT GROUP INC.	2,070
IHS MARKIT CANADA ULC	29,911
INFOSTAT COMMUNICATIONS	226
IRON MOUNTAIN CANADA CORPORATION	1,536
JAYLAN OILFIELD RENTALS LTD.	714
KEYERA CORP.	2,034
KUDU INDUSTRIES INC.	5,562
LA CRETE TRANSPORT (79) LTD.	663
LAFORCE ELECTRIC LTD.	48,189
LINDE CANADA LIMITED 15687	394
LONGWAY SERVICES LTD.	215,814
LOOMIS EXPRESS	147
MANITOULIN TRANSPORT INC.	855
MARATHON COMPRESSION	6,699
MCDANIEL AND ASSOCIATES CONSULTANTS LTD	36,325
MCGYVORS MACHINE SERVICES LTD.	869
MESSER CANADA INC., 15687	682
MEYERS NORRIS PENNY LLP	12,920
MOONLITE DITCHING LTD.	40,169
MOUNTAIN WEST SERVICES LTD.	33,331
MRC GLOBAL (CANADA) ULC	18,647
NELGAR SERVICES INC.	11,720
NEOPOST CANADA LTD.	1,383
NORALTA INN WEST LTD.	9,272
NORPINE AUTO INDUSTRIAL SUPPLY	620
NORTHERN SERVICES (1978) LTD.	117
NORTON ROSE FULBRIGHT CANADA LLP	6,416
NORWELD STRESS (1994) LTD	13,819
NRAI, INC.	30
NUWAVE INDUSTRIES	52,175
OBSIDIAN ENERGY LTD.	147
OFFICESTUFF INC.	192
PANDELL TECHNOLOGY CORPORATION	11,538
PARAMOUNT RESOURCES LTD.	70,408
PENCOFF SERVICES LTD	349,440
PERMA-PIPE CANADA	1,050

PI SUPPLY INDUSTRIAL INC	25,403
PLANET COFFEE COMPANY LTD.	119
PRIME ESSENTIAL SYSTEMS CORP	177
PRO ENERGY INC.	35,778
PROGRESSIVE COMPLETIONS LTD.	23,479
PRONGHORN CONTROLS LTD.	252
PURECHEM SERVICES	1,893
PUROLATOR INC.	1,155
QWEST HELICOPTERS	2,145
R2N2 SERVICES LTD.	7,376
RBC CAPITAL MARKETS	1,450
RBW WASTE MANAGEMENT LTD.	4,627
RED RABBIT COMMUNICATIONS INC.	51,531
RENTCO EQUIPMENT LTD.	13,029
RESOURCE ENERGY SOLUTIONS INC	10,211
RHINO ENERGY SERVICES LTD.	9,861
ROADPOST INC	1
RODDY'S OILFIELD SERVICE SALES AND REPAIRS	3,932
RUSSELL HENDRIX FOODSERVICE EQUIPMENT	3,267
SAEXPLORATION (CANADA) LTD.	3,102,503
SAFETY SCAN ENTERPRISES LTD.	4,206
SAFETY SYNC	466
SEAWARD'S OILFIELD SERVICES	16,538
SELECT EQUIPMENT RENTALS (HIGH LEVEL) LTD.	6,477
SEMERRA LTD.	99,761
SHAW CABLE	242
SHAYNE K CONSULTING	2,940
SILVACOM ITF TOLKO/FFP	5,508
SILVERTIP OILFIELD SERVICES INC.	9,488
SPARTAN CONTROLS LTD.	5,027
SPECTRUM WIRELINE SERVICES LTD.	244,231
STRAIT PROJECTS	770,030
STREAM-FLO INDUSTRIES LTD.	39,660
STRIKE GROUP LIMITED PARTNERSHIP	17,496
SUNLIFE FINANCIAL	194
SUPER A FOODS	572
SUPERIOR PROPANE	2
SYSCO CANADA INC. (SYSCO EDMONTON)	3,653
TAB PRODUCTS CO LLC	456
TABER EXCAVATING LTD	260
TALLAHASSEE EXPLORATION INC.	49,260
TARA ENERGY SERVICES INC.	114,609
TERVITA CORPORATION	41,074
TEST FLUIDS LTD.	16,538
TIGER CALCIUM SERVICES INC.	21,315
TOTAL OILFIELD RENTALS PARTNERSHIP	1,407
TRAVERSE ENERGY LTD.	382
TRUE NORTH FORD LTD	2,008
TRYTON TOOL SERVICES LTD.	130,016
TS&M SUPPLY	302,562
TSX TRUST COMPANY	1,106
TSX VENTURE EXCHANGE INC	18,638
UNIVERSAL GEOMATICS SOLUTIONS	26,160
VERDAZO ANALYTICS INC.	551
VERTEX PROFESSIONAL SERVICES LTD.	210
VZFOX CANADA ENGINEERING	1,470
WHIPCORD LTD	3,266
XI TECHNOLOGIES INC	795
<b>TOTAL UNSECURED CREDITORS</b>	<b>\$ 10,664,582</b>

**APPENDIX “B”**

**SALE AND INVESTMENT SOLICITATION PROCESS**



# **Sale and Investment Solicitation Package**

Strategic Oil & Gas Ltd.

Strategic Transmission Ltd.

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**ARTICLE 1**  
**INTRODUCTION**

- 1.1 **Background.** On January 28, 2020, the Alberta Court of Queen’s Bench (the “**Court**”) granted an order (the “**Receivership Order**”) appointing KPMG Inc. (“**KPMG**”) as receiver (the “**Receiver**”) of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. (together, “**Strategic**”) under the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and the *Judicature Act*, RSA 2000, c B-9, amongst other Alberta legislation.
- 1.2 **SISP.** On February 27, 2020, the Court approved the Receiver advancing a sale and investor solicitation process in accordance with the terms and conditions set forth herein (the “**SISP**”).
- 1.3 **SISP Process Generally.** This SISP describes, among other things, the process by which the SISP will be conducted, accessing due diligence information, the requirements to make a Bid, and the review, acceptance and approval process that then follows.

**ARTICLE 2**  
**INTERPRETATION**

- 2.1 **Defined Terms.** Capitalized terms used herein shall have the meanings ascribed to such terms, including the following:

“**AER**” means Alberta Energy Regulator;

“**AER Regulatory Requirements**” means the legislative acts, regulations, and rules governing energy development in Alberta that the AER administers, including without limitation the transfer provisions under the OGCA, the Pipeline Act, Directive 067 and Directive 006;

“**Bid Deadline**” means April 15, 2020;

“**Business**” means the business being carried on by Strategic;

“**Business Day**” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are open for business in the City of Calgary;

“**CCAA Proceedings**” means the proceedings of Strategic under the provisions of the *Companies’ Creditors Arrangement Act*, RSC 1985, c 36 pursuant to the provisions of an initial order made by the Court on April 10, 2019;

“**CCAA SISP**” means the sale and solicitation process undertaken by Strategic during the CCAA proceedings;

“**Confidentiality Agreement**” means a confidentiality agreement in form and substance satisfactory to the Receiver, providing generally that all information is proprietary and confidential for the benefit of Strategic;

“**Directive 006**” means “Directive 006, Licensee Liability Rating (LLR) Program and License Transfer Process”, approved by the AER on December 17, 2016, as amended;

“**Directive 67**” means “Directive 067, Eligibility Requirements for Acquiring and Holding Energy Licenses and Approvals”, approved by the AER on December 6, 2017, as amended;

"**Notice**" means an advertisement suitable for publication in print media and on-mediums;

"**OGCA**" means the *Oil and Gas Conservation Act*, RSA 2000, c O-6, as amended;

"**Offer**" means a credible, reasonably certain and financially viable offer for acquisition of all or any part of the Property or for an investment into the Business or alternative transaction (including, without limitation, a restructuring or recapitalization proposal in respect of the Strategic);

"**Pipeline Act**" means the *Pipeline Act*, RSA 2000, c P-15, as amended;

"**Property**" means the undertakings, property and assets of Strategic or any portion thereof;

"**Ultimate Closing Date**" means June 30, 2020.

### **ARTICLE 3** **SISP PROCESS**

- 3.1 **Notice.** As soon as reasonably practicable after Court approval of this SISP, and in any event within 3 Business Days following such approval, the Receiver shall cause the Notice to be published in The Globe and Mail, National Post, Calgary Herald, Edmonton Journal and the Daily Oil Bulletin. The Receiver shall also be at liberty to publish the Notice in such other print and social media outlets as they deem appropriate. The Receiver shall also circulate the notice to such parties as they reasonably believe may be interested in participating in the SISP, including all parties identified as interested pursuant to the CCAA SISP.

3.2 **Qualifying as a Potential Bidder.** In order to participate in the SISP and ultimately be considered for qualification as a Qualified Bidder pursuant to Article 5, below, an interested party must deliver to the Receiver at the address specified in Schedule "A" hereto (by delivery or email), the following material:

- (a) a duly executed Confidentiality Agreement;
- (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder, full disclosure of the direct and indirect owners of the Potential Bidder and their principals; and
- (c) a written acknowledgement of receipt of a copy of the Court order approving the SISP (including this SISP) and agreeing to accept and be bound by all of the provisions of this SISP.

3.3 **Potential Bidder.** Once an interested party has satisfied all of the requirements described in the previous subsection they will be deemed to be a "**Potential Bidder**", and will be promptly notified of such classification by the Receiver.

#### **ARTICLE 4 DUE DILIGENCE**

4.1 **Access.** Forthwith upon being designated as a Potential Bidder, the Receiver shall provide the Potential Bidder with access to an electronic data room maintained by the Receiver in this regard. The Receiver shall provide Potential Bidders with further access to such due diligence materials and information relating to the Business and the Property as is reasonably practicable.

4.2 **No Representation or Warranties.** The Receiver makes no representation or warranty as to the information contained in the Notice or the information to be provided through the due diligence process or otherwise, except to the extent otherwise contemplated under any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Receiver.

4.3 **No Additional Information.** The Receiver shall not be required to produce any abstract of title, title deeds or documents, or copies thereof or any evidence as to title, other than what is already in the Receiver's possession.

#### **ARTICLE 5 BIDDING**

5.1 **Requirement for a Qualified Bid.** An Offer submitted by a Potential Bidder will be considered a "**Qualified Bid**" only if the Offer complies with all of the following:

- (a) it includes a letter stating that the Offer is irrevocable until the earlier of (i) the closing of a transaction with a Successful Bidder (as defined below), and (ii) 20 Business Days following the Bid Deadline; provided, however, that if such Offer is selected as a Successful Bid (as defined below), it shall remain irrevocable until the closing of the Successful Bid or Successful Bids, as the case may be;

- (b) it includes a duly authorized and executed:
  - (i) in the case of an Offer involving an acquisition of Property, a purchase and sale agreement specifying the purchase price, expressed in Canadian dollars (the "**Purchase Price**") in as close a form as practicable to the form of purchase and sale agreement attached hereto as marked as Schedule "B" (accompanied by a blackline demonstrating the changes to the form attached hereto);
  - (ii) in the case of an Offer involving an investment into the Business or alternative transaction (including, without limitation, a restructuring or recapitalization proposal in respect of the Strategic), an agreement setting forth the terms and conditions of such investment or alternative transaction; and
  - (iii) and in the case of either (i) or (ii) above, such ancillary agreements as may be required by the Potential Bidder together with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements) and the proposed forms of order(s) for Court approval thereof;
- (c) it includes evidence sufficient to allow the Receiver to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transaction contemplated by the Offer, which evidence could include but is not limited to evidence of a commitment for all required funding and/or financing from a creditworthy bank or financial institution and/or its direct and indirect owners or principals (in which case information regarding such owners' and principals' financial and other capability shall be included);
- (d) it is not conditioned on: (i) the outcome of unperformed due diligence by the Potential Bidder; and/or (ii) obtaining any financing of any kind and includes an acknowledgement and representation that the Potential Bidder has had an opportunity to conduct any and all required due diligence prior to making its Offer;
- (e) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Offer, including information regarding the Potential Bidder's direct and indirect owners and their principals, and the terms of any such participation;
- (f) it includes an acknowledgement and representation that the Potential Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Offer; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Receiver, or any of their respective advisors, except as expressly stated in the Offer; (iii) is a sophisticated party capable of making its own assessments in respect of making its Offer; and (iv) has had the benefit of independent legal advice in connection with its Offer;
- (g) the Offer is on an "as is, where is", "without recourse" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description

by the Receiver, or any of their respective agents, except to the extent specifically set forth therein;

- (h) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Potential Bidder's board of directors (or comparable governing body) with respect to the Offer;
- (i) in the case of an Offer involving an acquisition of Property, it provides for a refundable deposit (the "**Deposit**"), to be made in the form of a wire transfer (to a trust account maintained by the Receiver's counsel, Torys LLP ("**Torys**"), in an amount equal to 10% of the proposed gross purchase price, to be held and dealt with in accordance with this SISP;
- (j) it provides for closing of the Offer by no later than the Ultimate Closing Date;
- (k) if the Potential Bidder is an entity newly formed for the purpose of the transaction, the Offer shall include an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Receiver;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of compliance or anticipated compliance with any and all applicable Canadian and any foreign regulatory approvals (including, if applicable, anti-trust regulatory approval and any approvals with respect to the grant or transfer of any permits or licenses), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (m) it contains responses to the AER Regulatory Requirements;
- (n) it is otherwise compliant with, and not contrary to, the rules set forth in this SISP;
- (o) it contains other information reasonably requested by the Receiver; and
- (p) it is received by no later than the Bid Deadline.

5.2 **Qualified Bids.** Any Offer submitted by a Potential Bidder that complies with each and every requirement of subsection 5.1 of this SISP shall hereinafter be referred to as a "**Qualified Bid**" (and all such bids, the "**Qualified Bids**") and each Potential Bidder who has submitted a Qualified Bid shall hereinafter be referred to as a "**Qualified Bidder**".

5.3 **Deemed Qualified Bids.** Notwithstanding subsection 5.1 and 5.2 hereof, either the Receiver, may waive compliance with any one or more of the Qualified Bid requirements specified herein, and deem such non-compliant bids to be Qualified Bids.

5.4 **Restructuring or Recapitalization Proposals.** Potential Bidders in respect of any restructuring or recapitalization proposal shall be encouraged to discuss indicative particulars thereof with the Receiver early in the process to facilitate the likelihood of an Offer therefor becoming a Qualified Bid.

5.5 **AER Review.** Potential Bidders will require AER review. In this regard, Potential Bidders:

- 5.5.1 are encouraged to speak with the AER as soon as practicable after they become Potential Bidders,
- 5.5.2 should be prepared to provide the AER with the following:
  - (a) information about: (A) its corporate structure and associated directors, officers and shareholders, (B) its corporate relationship to Strategic and Strategic's lenders, and (C) its compliance history with the AER;
  - (b) annual and most recent stub period financial statements (balance sheet, income statements, cash flows, and accompanying notes); and
  - (c) the plan in outline to address end of life obligations related to assets within the proposed Offer;
- 5.5.3 must either have current eligibility to hold licenses under Directive 067 or demonstrate to the AER's satisfaction how they will achieve Directive 067 licensee eligibility
- 5.5.4 should be aware that transfer applications will be more favourably regarded if the following principles are addressed:
  - (a) an *en bloc* sale is preferred (but not required);
  - (b) area acquisitions should be "white-mapped";
  - (c) the transaction is LMR neutral or better; and
  - (d) additionally, and depending upon how the foregoing principles are observed, Potential Bidders should propose how end of life obligations will be addressed in respect of the interests being acquired, which may require proposing appropriate closure plan for AER's approval or potentially posting of security.

Notwithstanding anything in this subparagraph 5.5 and subparagraph 6.5 below, the AER retains its discretion to approve the transfer of any applicable licences, permits and approval pursuant to section 24 of the OGCA and section 18 of the Pipeline Act. Accordingly, nothing in this SISP shall fetter that discretion or constitute any "pre-approval" of any transfers required under AER Regulatory Requirements.

## **ARTICLE 6**

### **SELECTION OF THE SUCCESSFUL BID OR SUCCESSFUL BIDS**

- 6.1 **Review of Qualified Bids.** Immediately following the Bid Deadline, the Receiver will assess all Qualified Bids received, if any, and will determine whether it is likely that the transactions contemplated by such Qualified Bids are likely to be consummated and whether proceeding with this SISP is in the best interests of the receivership estate. Such assessments will be made as promptly as practicable after the Bid Deadline.
- 6.2 **No Qualified Bids.** In the event that either: (a) no Qualified Bid was received, or (b) none of the Qualified Bids received were likely, in the view of the Receiver, acting reasonably, to be consummated, this SISP shall be deemed to be immediately terminated and the Receiver shall apply to the Court for advice and direction.



- 6.3 **AER.** Immediately following the Bid Deadline, the Receiver will provide all Qualified Bids not eliminated under clause 6.2(b) of this SISP to the AER for AER's review. AER will provide the Receiver with any deficiencies or concerns surrounding each Qualified Bid response to AER Regulatory Requirements within 10 business days of AER's receipt of such Qualified Bid.
- 6.4 **Further Negotiations.** Immediately following the Bid Deadline the Receiver, may select Qualified Bids for further negotiation and/or clarification of any terms or conditions of such Qualified Bids, including the amounts offered, before identifying the highest or otherwise best Qualified Bid(s) (the "**Successful Bid(s)**") received, as the case may be.
- 6.5 **Determining Successful Bid(s).** Upon completion of the AER's review pursuant to subsection 6.3, above, and any further negotiations or clarifications that may be conducted pursuant to subsection 6.4 above, the Receiver, will identify the Successful Bid(s). Any Qualified Bidder who made a Successful Bid is a "**Successful Bidder**". Strategic will notify any such Qualified Bidder that it is a Successful Bidder.

**ARTICLE 7**  
**APPROVAL HEARING**

- 7.1 **Finalization of Successful Bids.** Forthwith upon notifying a Qualified Bidder that it is a Successful Bidder, Strategic and the Successful Bidder will promptly finalize the definitive agreements in respect of any Successful Bidder, conditional upon approval of the Court (the "**Definitive Agreements**").
- 7.2 **Court Approval.** Strategic shall apply to the Court as soon as practicable after completion of the Definitive Agreements for: (i) an order approving the Successful Bid(s) and authorizing Strategic to enter into any and all necessary agreements with respect to the Successful Bid; and (ii) any order that may be required vesting title to Property in the name of a Successful Bidder (the "**Approval Hearing**").
- 7.3 **Closing.** Closing(s) shall occur as soon as practicable after the Successful Bid(s) are approved by the Court.
- 7.4 **Rejection of unsuccessful Bids.** All Qualified Bids (other than any Successful Bid(s)) shall be deemed rejected on and as of the date of closing of the Successful Bid or Successful Bids, as the case may be.

**ARTICLE 9**  
**GENERAL PROVISIONS**

- 9.1 **Deposits.** All Deposits shall be retained by the Receiver and invested in an interest-bearing trust account. [If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Hearing shall be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non- refundable. If a Successful Bidder fails to comply with any provision contained in its Successful

Bid, the Deposit and all other payments made in connection with the Purchase Price shall be forfeited as liquidated damages. The Deposits (plus applicable interest) of Qualified Bidders not selected as a Successful Bidder shall be returned to such bidders within 10 Business Days after the date on which Qualified Bids are deemed rejected in accordance with subsection 7.4. If there is no Successful Bid, all Deposits shall be returned to the bidders within 10 Business Days of the date upon which the SISP is terminated in accordance with these procedures.

- 9.2 **Right to Reject Offers.** The highest or any Offer will not necessarily be accepted. The Receiver has no obligation to conclude a sale arising out of this process and they reserve the right and unfettered discretion to reject any Offer received.
- 9.3 **Taxes.** All applicable federal and provincial taxes are payable by the Qualified Bidder (unless an exemption certificate is produced), and are not payable by the Receiver or by the Strategic receivership estate.
- 9.4 **No Assignment.** No Qualified Bid or Successful Bid may be assigned by the Qualified Bidder to any third party without the prior written consent of the Receiver, and such consent may be unreasonably withheld.
- 9.5 **Time of the Essence.** All stipulations as to time in this SISP are strictly of the essence.
- 9.6 **No Commissions.** The Receiver shall not be required to pay any finder's fees, commissions, expenses or other compensation to any agents, consultants, advisors, or other intermediaries in respect of any Qualified Bid or Successful Bid.
- 9.7 **Applicable Law.** The laws of the Province of Alberta shall govern this SISP. The Receiver and each Qualified Bidder agree that the Court shall have the exclusive jurisdiction to determine any and all disputes under this SISP and any transaction contemplated hereunder hereby attorn to the jurisdiction of the Court.

#### **ARTICLE 10 ADDITIONAL APPROVALS**

- 10.1 **Additional Approvals.** For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the applicable law in order to implement a Successful Bid.

#### **ARTICLE 11 ONGOING SUPERVISION**

- 11.1 **Standing.** At any time during the SISP, the Receiver may apply to the Court for advice and directions with respect to the terms and condition of the SISP.

**SCHEDULE "A"**

Address of the Receiver

KPMG Inc.  
3100, 205 5<sup>th</sup> Ave SW  
Calgary, Alberta T2P 4B9  
Attention: Joe Sithole

E-mail: [jsithole@kpmg.ca](mailto:jsithole@kpmg.ca)

**SCHEDULE "B"**

Form of PSA: