

COURT FILE NUMBER      **2001-06997**  
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 THE  
COMPROMISE OR ARRANGEMENT OF  
BOW RIVER ENERGY LTD.

COM  
July 24 2020  
Justice Campbell

DOCUMENT                      **AFFIDAVIT**

ADDRESS FOR SERVICE AND      Robyn Gurofsky/Jessica Cameron  
CONTACT INFORMATION OF        Borden Ladner Gervais LLP  
PARTY FILING THIS                1900, 520 3<sup>rd</sup> Ave. S.W.  
DOCUMENT                            Calgary, AB T2P 0R3  
   Telephone: (403) 232-9774/9715  
   Facsimile: (403) 266-1395  
   Email: rgurofsky@blg.com  
   [jcameron@blg.com](mailto:jcameron@blg.com)  
   File No. 441275/000025

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**AFFIDAVIT NO. 3 OF DANIEL G. BELOT**

**Sworn on July 17, 2020**

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I, Daniel G. Belot, of Alberta, SWEAR AND SAY THAT:

1. I am the Vice President of Finance, Chief Financial Officer, and co-founder of the applicant, Bow River Energy Ltd. ("**Bow River**" or the "**Company**"). I have been the VP Finance and CFO of Bow River since February 2013. I have over 30 years of financial experience in the oil and gas industry, focusing on financial management, corporate finance, and energy investment banking. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based

on information and belief, in which case I have stated the source of my information and, in all cases, I believe such information to be true. In preparing this Affidavit, I consulted with the Company's management team and advisors and reviewed relevant documents and information concerning the Company's operations, financial affairs and restructuring activities.

2. I am authorized to swear this Affidavit as corporate representative of the Company.
3. All monetary references in this Affidavit are in Canadian dollars, unless otherwise stated.
4. I previously swore Affidavits in the within proceedings on May 29, 2020 (the "**First Affidavit**") and June 5, 2020 (the "**Second Affidavit**"), in support of applications by Bow River for an initial order and an amended and restated initial order, respectively, each pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**").
5. On June 1, 2020, the Honourable Madame Justice Grosse granted the Company's application for an initial order (the "**Initial Order**"). On June 10, 2020, the Honourable Mister Justice Jeffrey granted the Company's application for an amended and restated initial order (the "**ARIO**").
6. I swear this third Affidavit in support of the Company's application for an order or orders which, amongst other things:
  - (d) authorizes and approves the settlement agreement between the Company and Husky Oil Operations Limited ("**Husky**") pursuant to the terms of the settlement and mutual release agreement between the parties (the "**Settlement Agreement**"), as more particularly described below, a redacted version of which is attached as **Exhibit "A"** to this Affidavit and an unredacted version of which is attached as **Confidential Exhibit "1"** to this Affidavit;
  - (e) authorizes the Company to obtain interim financing pursuant to the terms of the interim financing term sheet between Bow River and the Interim Lender (as defined below), dated July 17, 2020 (the "**Interim Financing Term Sheet**"), up to an amount equal to \$1.1 million, and grants an Interim Lender's Charge (as defined below) against the Company's property, as more particularly described below and attached as **Exhibit "C"** to this Affidavit;

- (f) approves the Company's engagement of Sayer Energy Advisors ("**Sayer**" or "**SISP Advisor**") to act as advisor to the Company in the within CCAA proceedings, and approves the engagement letter entered into between Bow River and Sayer dated June 8, 2020 (the "**Engagement Letter**"), a redacted copy of which is attached as **Exhibit "D"** to this Affidavit, and an unredacted copy of which is attached as **Confidential Exhibit "2"** to this Affidavit;
  - (g) approves the Company's proposed sales and investment solicitation process ("**SISP**"), as more particularly described below and attached as **Exhibit "F"** to this Affidavit;
  - (h) approves the asset purchase and sale agreement entered into between Bow River and 2270943 Alberta Ltd. ("**227**"), dated July 17, 2020 (the "**Stalking Horse APA**") to sell certain of Bow River's Property to 227, a copy of which is attached as **Exhibit "E"** to this Affidavit;
  - (i) extends the stay of proceedings as presently granted by the ARIO up to and including October 16, 2020, or such further and other date as this Court may consider appropriate;
  - (j) seals Confidential **Exhibits "1" and "2"** to this Affidavit;
  - (k) grants such further and other relief as the Company may request and this Honourable Court may deem just.
7. All capitalized terms used by not otherwise defined herein shall have the meaning given to them in the ARIO.

## **HUSKY SETTLEMENT**

8. Following the granting of the ARIO, the Company held a virtual meeting with representatives from Husky to discuss the Company's CCAA proceedings. While these discussions initially arose as a result of the potential impact of a production royalty financing arrangement between the parties on the proceedings, they quickly resulted in multiple further issues between the parties being brought to a head over the course of several weeks. Since mid-June, the Company has been working diligently and in good faith with Husky to resolve multiple issues between the parties, the resolution of which is necessary for the Company to move ahead with its proposed SISP.
9. First was the discussion regarding the impact of the production royalty financing arrangement between the Company and Husky on the Company's intended course of action

in the CCAA proceedings; namely, the proposed SISP. The production royalty financing arrangement arises pursuant to the following agreements entered into between Bow River and Husky: an Asset Purchase and Sale Agreement dated April 26, 2017 (the “**Provost PSA**”), a Royalty Agreement dated May 16, 2017 (the “**Royalty Agreement**”) and a Side Letter Agreement dated May 16, 2017 (the “**Side Letter Agreement**”) and together with the Provost PSA and the Royalty Agreement the “**Husky Production Royalty Financing**”).

10. Further particulars regarding the background and operation of the Husky Production Royalty Financing agreement were provided in my First Affidavit at paragraphs 10-11, 48 and 61 to 65. In summary, the Company owes Husky \$1,017,370.01 in pre-filing royalty arrears, with a further estimated \$1,732,758.86 in obligations remaining, which future royalty obligations fluctuate based on the forward price curve of Western Canadian Select oil pricing, under the Husky Production Royalty Financing (collectively the “**PRF Obligations**”).
11. Through the course of these on-going discussions, it was also discussed that Husky owes Bow River approximately \$35,000 pursuant to an outstanding adjustment arising under the Provost PSA (the “**Provost Adjustment Obligation**”).
12. Second, Husky has asserted a right to set-off against certain of Bow River’s production revenues, in satisfaction of all of its outstanding claims against the Company. Husky markets a portion of Bow River’s oil production pursuant to several crude oil marketing agreements between Husky (or Husky affiliates) and Bow River. Under the terms of the marketing agreements Bow River nominates a fluctuating quantity of production to Husky on a monthly basis. Husky purchases that oil production from Bow River based on amounts nominated, sells the production, and remits the production proceeds to Bow River on or about the 25<sup>th</sup> day of the following month. Bow River has continued to sell its oil in the usual course to Husky post-filing, although, prior to finalizing the Settlement Agreement with Husky, it did temporarily store production while the parties attempted to work out a resolution to their disputes.

13. Pursuant to the crude oil marketing agreements, Husky presently holds \$401,014 representing May production revenues, which amount was payable to Bow River on or about June 25, 2020 (the “**May Production Revenues**”). Further, Husky will also hold Bow River’s June production revenues, which is an estimated \$530,766, payable on or about July 25, 2020 (the “**June Production Revenues**”) and July production revenues, which is an estimated \$473,445, payable on or about August 25, 2020 (the “**July Production Revenues**”). Husky has asserted its set-off rights as regards at least the May Production Revenues and the June Production Revenues (the “**Set-off Claim**”).
14. Third, Bow River and Husky are parties to two joint operating agreements (the “**JOA Agreements**”), pursuant to which the Company owes Husky approximately \$9,657.58 in relation to pre-filing joint interest billings under the JOA Agreements (the “**Pre-Filing JIBs**”).
15. Fourth, Bow River and Husky are parties to a purchase and sale agreement dated December 15, 2017 (the “**Red Cross PSA**”). Pursuant to the Red Cross PSA, a final statement of adjustments was delivered by Bow River to Husky, wherein Bow River claims approximately \$3,778.76 is payable by Husky to the Company (the “**Red Cross Adjustment Obligation**” and together with the Provost Adjustment Obligation the “**Husky Adjustment Obligations**”).
16. The fifth issue arises out of a potential preference claim by Husky. The Applicant issued a series of secured subordinated debentures including on: i) May 15, 2017, accruing interest at a rate of 16%, ii) May 30, 2018, accruing interest at a rate of 15%, and iii) May 31, 2018 and July 19, 2018, accruing interest at a rate of 15%, respectively (collectively the “**Debentures**”). Further particulars regarding the Debentures were provided in my First Affidavit at paragraphs 48 and 50-60 and Exhibits “D”, “E” and “F”.
17. Amongst other things, the Debentures provide that the holders of the Debentures (each a “**Debentureholder**” and collectively the “**Debentureholders**”) would be subordinate to any claims and obligations owing by Bow River to Husky. The Debentures also provide that in the event of Bow River’s default in its obligations to Husky, no further principal payments may be made to the Debentureholders unless and until such default is remedied.

The Applicant made certain repayments to Debentureholders during the period of October 2019 and March 2020, at a time when it was in default of its obligations to Husky arising under the Husky Production Royalty Financing Agreement, or otherwise (the “**Debentureholder Payments**”). Husky has indicated it may challenge such payments as a preference.

18. The sixth and final issue arises out of the transferability of a seismic license agreement between Bow River and Husky, dated May 16, 2017 (the “**Seismic License Agreement**”). Pursuant to the Seismic License Agreement, Husky granted to Bow River a non-exclusive, royalty-free, fee-free, perpetual license to use the Seismic Data (as defined in the Seismic License Agreement), subject to the terms of the Seismic License Agreement. Through its proposed SISP, the Company anticipates concluding a sale or sales in relation to the property to which the Seismic Data relates, and therefore anticipates that a transfer of the Seismic License Agreement to a third party purchaser will be necessary.
19. Bow River paid the entirety of the compensation for the Seismic License Agreement at the time it was acquired. As a royalty-free, fee-free license agreement, there are no arrears owing under the Seismic License Agreement by Bow River to Husky. However, there is significant value associated with the Seismic License Agreement as the Seismic Data will be required for a purchaser to drill wellbores on properties to which the Seismic Data pertains. Given this, the Company wanted to ensure that the Seismic License Agreement would be transferable in the Company’s SISP. The Settlement Agreement contemplates that Husky will consent to the assignment of the Seismic License Agreement by Bow River to a third party purchaser who is a winning bidder under the proposed SISP.
20. As a result of the numerous disputes between the Company and Husky, the Company pursued settlement discussions with Husky, and the parties have agreed to enter into the Settlement Agreement. Attached hereto and marked as **Exhibit “A”** is a redacted copy of the Settlement Agreement, and attached as **Confidential Exhibit “1”** is an unredacted copy of the Settlement Agreement.
21. The Settlement Agreement contains confidential information regarding the quantum of the settlement reached as between the Company and Husky. Husky has requested that the

Settlement Agreement be sealed. As a result, the Company is seeking a sealing order with respect to the Settlement Agreement, being Confidential Exhibit 1.

22. The Company and Husky have agreed to settle all matters arising out of or in any way related to the above, being the: Husky Production Royalty Financing, the PRF Obligations, the Husky Adjustment Obligations, the Set-off Claim, the Pre-Filing JIBs, and the Debentureholder Payments (collectively the “**Settled Obligations**”), pursuant to the terms of the Settlement Agreement. The key terms of the Settlement Agreement are as follows:

- (d) Bow River will settle the Settled Obligations with Husky by way of a global settlement amount (the “**Settlement Amount**”);
- (e) The Settlement Amount shall be paid first by way of Husky’s exercise of its Set-off Claim as against the May Production Revenues and the June Production Revenues. The balance of the Settlement Amount, shall be paid in cash by Bow River to Husky upon approval of the Settlement Agreement by the Court.
- (f) Husky shall deliver the July Production Revenues to Bow River in the normal course, on or about August 25, 2020.
- (g) All other obligations arising between the Company and Bow River pursuant to the JOA Agreements shall remain unaffected by the Settlement Agreement.
- (h) Husky shall consent to the assignment of the Seismic License Agreement to a third party purchaser who is selected as a winning bid by Bow River through the SISF, without payment of any transfer fee, and shall deem any and all monetary defaults, thereunder to be cured.
- (i) The Settlement Agreement is subject to the approval of this Court.
- (j) The Settlement Agreement contains a mutual release in favour of each of the Applicant and Husky as regards the Settled Obligations, as well as a release from Husky in favour of the Debentureholders in relation to the Debentureholder Payments.

23. The Company considers that the Settlement Agreement is in its and all of its stakeholders best interests as it:

- (d) settles all of the potential claims of its first secured creditor;
- (e) avoids the costs and uncertainty which would otherwise be associated with litigating the Settled Obligations;

- (f) eliminates a gross overriding royalty on the Company's most valuable assets, which improves the marketability of those assets in the proposed SISP;
  - (g) permits the Debentureholders to pursue the proposed Stalking Horse APA, by settling the PRF Obligations which have priority over the Debentures. The Stalking Horse is an integral component to the Applicant's proposed SISP and value maximization strategy, as further discussed below; and
  - (h) provides certainty to potential bidders in the Company's proposed SISP that a valuable asset, being the Seismic License Agreement, is capable of being transferred to a successful third party purchaser without issue.
24. As further discussed below, the cash portion of the Settlement Amount will be funded through the Interim Facility provided by the Interim Lender, who is comprised of certain Debentureholders.
25. The Settlement Agreement was arrived at in consultation between the Applicant and the Debentureholders, being the Applicant's second secured creditors and certain of whom are funding the cash payment of the Settlement Amount. Each of the Debentureholders and the Monitor support the Settlement Agreement with Husky.

## **INTERIM FINANCING**

26. The Company commenced its CCAA proceedings intending to rely solely upon its cash flows to fund operations. Unfortunately, this is no longer possible due to several factors, including: i) delays in the process, largely occasioned by the settlement negotiations with Husky and the Debentureholders advancement of the Stalking Horse APA; ii) the adverse impact on the Company's cash flows arising from payment of the Settlement Amount (by way of the Set-off Claim); and iii) certain unanticipated increases to various operational costs encountered by the Company. The Company has prepared a revised cash flow forecast covering the proposed stay extension period, which is attached hereto as **Exhibit "B"** (the "**Revised Cash Flow Forecast**").
27. The Revised Cash Flow Forecast demonstrates the Company's present liquidity challenges and the fact that the Company requires interim financing to fund both the Settlement Amount and ongoing operational expenses in order to pursue its proposed SISP through to conclusion. Accordingly, the Company has negotiated and entered into the Interim



Financing Term Sheet, pursuant to which 227, a company I understand is partially funded by certain of the Debentureholders, has agreed to provide Bow River with a term loan (in that capacity the “**Interim Lender**”) in the amount of \$1.1 million (the “**Interim Facility**”). Attached hereto and marked as **Exhibit “C”** is a true copy of the Interim Financing Term Sheet.

28. The key terms of the Interim Facility are as follows:
- (d) It is conditional upon approval by this Court and upon the Interim Lender receiving a second priority Court-ordered charge on the assets, property and undertakings of the Company, in priority to any and all Encumbrances, but subordinate to the Administration Charge, up to the maximum amount of \$1.1 million;
  - (e) Advances under the Interim Facility are also conditional upon the Company entering into the Settlement Agreement with Husky;
  - (f) Upon approval of the Interim Financing Term Sheet and Interim Facility granted thereby, the Interim Lender is to provide an initial advance to the Company in the amount of \$260,000 to satisfy part of the cash portion of the Settlement Amount;
  - (g) The balance of the Interim Facility is to be available to the Company to fund, amongst other things, working capital and restructuring expenses;
  - (h) Advances under the Interim Facility are to bear interest at the rate of 8%; and
  - (i) Aside from payment of the Interim Lender’s legal fees arising in connection with the Interim Facility, there are no other fees payable pursuant to the Interim Facility.
29. The determination of the quantum of the Interim Facility was arrived at in consultation with the Monitor and the Company’s legal counsel. The Revised Cash Flow Forecast, which supports the requirement for \$1.1 million in interim financing, contains several underlying assumptions. One such assumption is that the Company will be able to defer payment of post-filing surface and mineral lease payments on its non-producing properties until the conclusion of its proposed SISP.
30. In making this decision, the Company considered that the properties are either shut-in or abandoned, and therefore should not give rise to any health and safety concerns if site access is impeded as a result of the deferral of payment of these amounts.

31. The deferral of surface and mineral lease payments on non-producing properties will approximate \$630,000 from July to October. The deferral of these payments is intended to last until the conclusion of the Company's proposed SISP, at which point in time it will assess the nature of any offers on the properties subject to the deferrals and the manner in which payments may be arranged.

### **ENGAGEMENT OF SAYER AS SISP ADVISOR**

32. Following the granting of the Initial Order, the Company began discussions with three parties to act as a potential advisor to the Company with respect to a SISP. Each party was experienced in providing advisory services to the oil and gas industry.
33. Of the three, the Company, in consultation with the Monitor, selected Sayer as its financial advisor for a number of reasons, including that:
  - (a) Sayer's offer was the most economic, with the least work and success fees;
  - (b) Sayer's technical team has a high level of knowledge and understanding of the Bow River assets;
  - (c) Sayer has significant experience with running sales processes in various types of insolvency proceedings; and
  - (d) Sayer is a recognized Canadian oil and gas industry expert on mergers and acquisitions and has acted on multiple occasions as agent or financial advisor in the sale of oil and gas assets, including in insolvency proceedings.
34. As a result of this, and as noted above, on June 8, 2020, the Company executed the Engagement Letter with Sayer, with the support of the Monitor. Attached hereto and marked as **Exhibit "D"** is a redacted copy of the Engagement Letter. An unredacted copy of the Engagement Letter is attached hereto as **Confidential Exhibit "2"**.
35. The Engagement Letter contains commercially sensitive information regarding Sayer's fee structure, which if disseminated could adversely impact Sayer's commercial interests in future mandates. Sayer has requested that the Company seek a sealing order with respect to the Engagement Letter in order to protect its commercial interests. Further, the Engagement Letter also contains commercially sensitive information regarding the Company's proposed SISP, which if disseminated could affect the competitive tension of

the SISP. For those reasons, the Company is seeking a sealing order with respect to the Engagement Letter, being Confidential Exhibit 2.

36. Pursuant to the terms of the Engagement Letter, Sayer is to assist the Company with administering the proposed SISP, which assistance will include, amongst other things:
- (a) preparation of marketing materials to advertise the SISP;
  - (b) assisting the Company in establishing a virtual data room for parties to conduct due diligence through the SISP;
  - (c) advertising the sale process;
  - (d) coordinating the execution of confidentiality agreements for parties interested in participating in the SISP;
  - (e) reviewing and evaluating bids received through the SISP and providing advice to the Company with respect thereto; and
  - (f) assisting the Company in closing a Transaction(s) under the SISP.
37. While the Engagement Letter is subject to Court approval, the Company has paid the work fee upon execution of the Engagement Letter, as stipulated by its terms.

#### **THE STALKING HORSE APA & PROPOSED SISP**

38. After considering its restructuring options, the Company has determined that the best way to maximize value to its stakeholders is through the conduct of the proposed SISP, which includes the Stalking Horse APA. Attached hereto and marked as **Exhibits “E”** and **“F”** respectively are copies of the Stalking Horse APA and proposed SISP.
39. On July 17, 2020, Bow River and 227 executed the Stalking Horse APA, which contemplates that 227 will acquire certain of the Company’s Properties, located in the Fleeing Horse and Black Creek regions (the **“Stalking Horse Assets”**), and that the Company will otherwise market all of its assets for sale through the proposed SISP.
40. In the event a more favourable offer is received for the Stalking Horse Assets through the SISP, 227 would be entitled to a break-fee of \$175,000, being 4% of the proposed purchase price, pursuant to the Stalking Horse APA. Bow River consulted with the Monitor in

respect of the quantum of the break-fee and I understand, based on those discussions that the percentage is reflective of other break-fees granted in similar processes.

41. The purchase price pursuant to the Stalking Horse APA is \$4,290,221 and is to be paid by 227 as follows:
  - (d) A payment in cash of \$107,000 representing the total of the amount of the Prior Charges (as defined in the Stalking Horse APA); and
  - (e) A non-cash credit reduction of the Debt (as defined in the Stalking Horse APA) in the amount of \$4,183,221.00, plus any amounts advanced pursuant to the Interim Facility.
42. The proposed SISP was developed in consultation with the Company's professional advisors, the Monitor and the SISP Advisor. The Company, in consultation with the SISP Advisor, considers that the proposed SISP, under the CCAA, is in its and its creditors' and stakeholders' best interests. It is the Company's expectation that it, its creditors, and its other stakeholders will derive a greater benefit from the proposed SISP than through a liquidation in a receivership or a bankruptcy.
43. I honestly believe that the inclusion of the Stalking Horse APA in the Company's proposed SISP will set a baseline for bidding in that process and provide competitive tension to the process, thereby maximizing the value to be derived with respect to the Company and its Property and Business.

#### **EXTENSION OF THE STAY OF PROCEEDINGS**

44. The Company seeks an extension of the Stay Period up to and including October 16, 2020 or such further and other date as this Court may consider appropriate.
45. Since the granting of the ARIO, the Company, with the oversight and assistance of the Monitor, has been working diligently to maintain the stability of its operations and Business, manage its liquidity position, and review potential strategic options and alternatives to address its financial position.
46. In particular, the Company has:

- (i) in consultation with the Monitor, continued to notify suppliers and vendors, employees and various other stakeholders of these CCAA proceedings;
  - (ii) in consultation with the Monitor, continued to respond to inquiries from stakeholders regarding the continued operations of the Company's Business during these CCAA proceedings, payment of pre-filing amounts and amounts accruing during these CCAA proceedings, and various other issues;
  - (iii) issued several disclaimers of lease agreements, as further detailed below;
  - (iv) negotiated the resolution of several disputes with Husky through the Settlement Agreement;
  - (v) negotiated the terms of the Interim Financing Term Sheet and Interim Facility with the Interim Lender;
  - (vi) entered into the Engagement Letter with Sayer;
  - (vii) developed the proposed SISF, in consultation with the Monitor and the SISF Advisor,
  - (viii) began populating a data room for the intended SISF;
  - (ix) began preparing the Teaser and CIM, contemplated under the proposed SISF; and
  - (x) in consultation with the Monitor, reviewed their forecasted operating costs and expenses to reduce unnecessary expenses and conserve capital during these CCAA proceedings.
47. As noted above, the Company issued several disclaimers with respect to uneconomic lease agreements. On June 4, 2020, the Company disclaimed a real property lease agreement between Bow River as tenant and RioCan YEC Holdings Inc. ("**RioCan**") as landlord, dated September 7, 2016 (the "**Lease Agreement**"). The Lease Agreement related to office space leased by the Company in Toronto, Ontario. The Company has not used the leased premises since March 2020, and the leased premises were vacant at the time of the disclaimer, with no anticipated future use or benefit to the Company. The Monitor approved the disclaimer. RioCan did not dispute the disclaimer of the Lease Agreement. Attached hereto and marked as **Exhibit "G"** is a true copy of the disclaimer notice delivered to RioCan.
48. Further, on June 24, 2020, the Company disclaimed two equipment lease agreements between Bow River and Xerox Canada Ltd. ("**Xerox**") dated October 16, 2014 and July

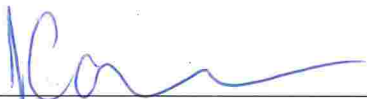
25, 2017 respectively (the "Xerox Leases"). The Xerox Leases related to printers leased by the Company from Xerox. The printers were not in use by the Company at the time of the disclaimers, with no anticipated future use or benefit to the Company. The Monitor approved the disclaimers. Xerox did not dispute the disclaimer of the Xerox Leases. Attached hereto and marked as **Exhibit "H"** is a true copy of the disclaimer notices delivered to Xerox.

49. The Company has been acting in good faith and with due diligence throughout these CCAA proceedings. The requested stay extension will allow the Company time to negotiate transaction(s) pursuant to the proposed SISF, allowing for sufficient time for the conduct of the auction to be held, if necessary, and potentially court approval of a successful transaction(s) and submission of license transfer requests to the applicable energy regulator thereafter. The Company understands that at least with respect to the Alberta Energy Regulator, at least 30-days are required to process license transfer requests.

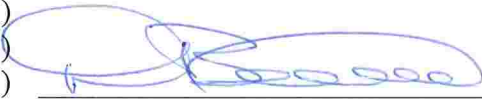
**CONCLUSION**

50. I swear this Affidavit in support of the Company's Application for an Order granting the relief as more particularly set forth in paragraph 6 above.

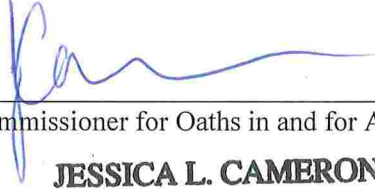
SWORN BEFORE ME at Calgary, Alberta,  
this 17<sup>th</sup> day of July, 2020.

  
\_\_\_\_\_  
Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

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\_\_\_\_\_  
DANIEL G. BELOT

This is Exhibit "A" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

## SETTLEMENT AND MUTUAL RELEASE AGREEMENT

THIS SETTLEMENT AND MUTUAL RELEASE AGREEMENT is made effective this \_\_\_\_ day of July, 2020.

**BETWEEN:**

**BOW RIVER ENERGY LTD. (“Bow River”)**

**AND:**

**HUSKY OIL OPERATIONS LIMITED (“Husky”)**

(hereinafter referred to individually as a “**Party**” and together as the “**Parties**”)

**WHEREAS:**

- A. Bow River sought and obtained creditor protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”), pursuant to an initial order granted by the Alberta Court of Queen’s Bench (the “**Court**”) on June 1, 2020 (the “**Initial Order**”) in Court Action No. 2001-06997 (the “**CCAA Proceedings**”). The Initial Order was amended and restated by the Court on June 10, 2020 (the “**Amended and Restated Initial Order**”).
- B. Bow River and Husky are parties to a production royalty financing agreement, arising pursuant to the following agreements entered into between Bow River and Husky: an Asset Purchase and Sale Agreement dated April 26, 2017 (the “**Provost PSA**”), a Royalty Agreement dated May 16, 2017 (the “**Royalty Agreement**”) and a Side Letter Agreement dated May 16, 2017 (the “**Side Letter Agreement**”) and together with the Provost PSA and the Royalty Agreement the “**Husky Production Royalty Financing**”).
- C. Bow River presently owes Husky \$1,017,370.01 in pre-filing debt, with a further estimated \$1,732,758.86 in obligations remaining, under the Husky Production Royalty Financing (collectively the “**PRF Obligations**”).
- D. Further, Husky owes Bow River \$35,385.61 pursuant to an outstanding adjustment arising under the Provost PSA (the “**Husky Provost Adjustment Obligation**”).
- E. Bow River and Husky are parties to certain crude oil marketing agreements whereby Husky purchases oil production from Bow River. Pursuant to such agreements, Husky presently holds approximately \$400,656.57 including GST in production proceeds that would otherwise be payable to Bow River for pre-filing purchases of May production, which was payable on or about June 25,



2020 (the “**May Production Revenues**”). Further, Bow River continued to sell oil in its usual course to Husky post-filing. The amounts that would otherwise be payable for post-filing purchases of June production are an estimated \$488,250.00 including GST which are payable on or about July 25, 2020 (the “**June Production Revenues**”). The amounts that would otherwise be payable for post-filing purchases of July production are an estimated \$480,900.00 including GST which are payable on or about August 25, 2020 (the “**July Production Revenues**”).

- F. Husky has advised Bow River that it intends to exercise set-off rights as regards at least the May Production Revenues and the June Production Revenues (the “**Set-Off Claim**”).
- G. Bow River and Husky are parties to two joint operating agreements dated June 20, 1988 and February 1, 1993, respectively (the “**JOA Agreements**”). Bow River owes Husky \$9,657.58 in relation to pre-filing joint interest billings pursuant to the JOA Agreements (the “**Pre-Filing JIBs**”).
- H. Bow River and Husky are parties to a purchase and sale agreement dated December 15, 2017 (the “**Red Cross PSA**”). Husky owes Bow River \$3,778.76 pursuant to the final statement of adjustments under the Red Cross PSA (the “**Husky Red Cross Adjustment Obligation**” and together with the Husky Provost Adjustment Obligation the “**Husky Adjustment Obligations**”).
- I. On August 23, 2019, the National Energy Board (“**NEB**”) (as it then was) approved Husky and Bow River’s application to transfer ownership of the Northend to Green Glades Fuel Gas Pipeline (“**Pipeline**”) from Husky to Bow River. Condition 3 of the approval required Bow River to post security for the Abandonment Cost Estimate. Bow River has posted \$68,500 of the \$80,691.61 Abandonment Cost Estimate with the Canada Energy Regulator (“**CER**”). Pursuant to the CER letter to Husky Oil Operations Limited and Bow River Energy Ltd. of 28 April 2020, File OF-Fac-Gas-H109-2018-01 01, Bow River must post the remaining \$12,191.71 with the CER before August 30, 2020 (“**CER Security**”).
- J. Bow River issued a series of secured subordinated debentures including on: i) May 15, 2017, accruing interest at a rate of 16%, ii) May 30, 2018, accruing interest at a rate of 15%, and iii) May 31, 2018 and July 19, 2018, accruing interest at a rate of 15%, respectively (collectively the “**Debentures**”). The Debentures provide that the holders of the Debentures (each a “**Debentureholder**” and collectively the “**Debentureholders**”) would be subordinate to any claims and obligations owing by Bow River to Husky. The Debentures also provide that in the event of Bow River’s default in its obligations to Husky, no further principal payments may be made to the Debentureholders unless and until such default is remedied.

- K. Bow River made certain repayments to Debentureholders during the period of October 2019 and March 2020, at a time when it was in default of its obligations to Husky arising under the Husky Production Royalty Financing Agreement, or otherwise (the “**Debentureholder Payments**”).
- L. Bow River and Husky are parties to a seismic license agreement dated May 16, 2017 (the “**Seismic License Agreement**”) pursuant to which Husky granted to Bow River a non-exclusive, royalty-free, fee-free, perpetual license to use Seismic Data (as defined under the Seismic License Agreement), subject to the terms of the Seismic License Agreement. Bow River intends to conduct a sale and investment solicitation process (“**SISP**”) through the course of its CCAA Proceedings, through which it anticipates concluding a sale in relation to the property subject to the Seismic License Agreement, and therefore a transfer of the Seismic License Agreement to a third party purchaser.
- M. Bow River intends to seek Court approval of this Settlement and Mutual Release Agreement (referred to herein as either the “**Agreement**” or the “**Release**”). Concurrent with approval of this Agreement, Bow River will also seek Court approval of an interim financing facility (the “**Interim Financing Facility**”) which will provide an initial advance to Bow River of funds sufficient to indefeasibly pay the cash balance of the Settlement Amount (as defined below) (the “**Initial Advance**”).
- N. Bow River and Husky reached a settlement with respect to all matters arising out of or in any way related to the Husky Production Royalty Financing, the PRF Obligations, the Husky Adjustment Obligations, the May Production Revenues, the June Production Revenues, the Set-off Claim, the Pre-Filing JIBs, the Red Cross PSA, the Debentureholder Payments, the CER Security and all other issues, claims and liabilities that have arisen between them as of the date of this Settlement and Mutual Release Agreement (collectively the “**Settled Obligations**”), and now wish to document that settlement and provide for a full and mutual release of the Parties.

**FOR AND IN CONSIDERATION** of the foregoing, the Parties agree as follows:

**Terms of Settlement**

1. In full and final settlement of all matters arising out of or in any way related to the Settled Obligations:
  - (a) Each of Bow River and Husky shall execute this Settlement and Mutual Release Agreement (referred to herein as either the “**Agreement**” or the “**Release**”).

- (b) Notwithstanding the Parties execution hereof, this Agreement and the Releases provided for herein shall be conditional upon approval of this Agreement by the Court in Bow River's CCAA Proceedings and upon approval of the Interim Facility, and upon payment by Bow River to Husky of all amounts contemplated herein.
- (c) By July 25, 2020, Bow River shall post the remaining CER Security with CER.
- (d) Subject to Court approval, Bow River shall pay to Husky the total amount of \$ [REDACTED] (the "**Settlement Amount**"). The Settlement Amount shall first be paid by way of Husky's exercise of its Set-off Claim as against the May Production Revenues and the June Production Revenues. The balance of the Settlement Amount, if any, shall be paid in cash by Bow River to Husky within five (5) business days of July 25, 2020 from the Initial Advance under the Interim Facility.
- (e) Upon receipt of the Settlement Amount, Husky shall cancel the gross-overriding royalty arising pursuant to the Royalty Agreement and the Side Letter Agreement.
- (f) Within five (5) business days of receipt of the Settlement Amount, Husky shall submit for discharge all of its registrations against either Bow River or its assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"), including, but not limited to:
- i. the Security Registration made by Husky against Bow River in the Alberta Personal Property Registry ("**PPR**") as Registration No. 20061822036;
  - ii. the Land Charge registered by Husky against Bow River in the PPR as Registration No. 20061822087; and
  - iii. the caveats registered against title to Bow River's mineral interests, as more particularly set-forth in the attached **Schedule "A"**.
  - iv. Notwithstanding anything else herein, any Husky caveats or registrations against Bow River's interests that relate to ongoing JOA Agreements may continue and need not be discharged hereunder.
- (g) Subject to Court approval and Husky's receipt of the Settlement Amount, Husky shall deliver the July Production Revenues to Bow River in the normal course, on or about

August 25, 2020 and any further production revenues received by Husky for the account of Bow River thereafter.

- (h) The Parties release each other of their respective obligations pursuant to the Husky Adjustment Obligations and no amounts shall be payable by either Party to the other in relation to the Husky Adjustment Obligations. All other obligations arising between the Parties pursuant to the JOA Agreements shall remain unaffected by this Agreement.
- (i) Husky shall consent to the assignment of the Seismic License Agreement to a third party purchaser who is selected as a winning bid by Bow River through the SISF, without payment of any transfer fee, and shall deem any and all monetary defaults thereunder to be cured.

### **Release**

2. Bow River and Husky each DO HEREBY REMISE, RELEASE, WAIVE AND FOREVER DISCHARGE each other and their representatives, predecessors, successors, directors, officers, employees, agents, related or affiliated companies, shareholders, and assigns from any and all actions, causes of actions, claims, liens, suits, debts, contracts, demands, damages, interest, costs, expenses, compensation, suits, and covenants, known or unknown, that they had, now have, or may have against each other related to the Settled Obligations, including any claims in negligence, gross negligence and any other cause of action whatsoever. Further, Husky does HEREBY REMISE, RELEASE, WAIVE AND FOREVER DISCHARGE the Debentureholders and their representatives, predecessors, successors, directors, officers, employees, agents, related or affiliated companies, shareholders, and assigns from any and all actions, causes of actions, claims, liens, suits, debts, contracts, demands, damages, interest, costs, expenses, compensation, suits, and covenants, known or unknown, that they had, now have, or may have against each other related to the Debentureholder Payments, including any claims in negligence, gross negligence and any other cause of action whatsoever. Other than matters arising from the enforcement of this Release, the Parties intend that this Release fully and finally discharges and releases any and all matters between Bow River and Husky and Husky and the Debentureholders, and/or all or any of their respective representatives, predecessors, successors, directors, officers, employees, agents, related or affiliated companies, shareholders, and assigns, known or unknown, raised or unraised which have arisen in whole or in part on or before the date hereof (all of the foregoing collectively being the “**Released Matters**”).

3. For clarity, the Released matters shall not include the July Production Revenues and Husky's obligation to deliver same to Bow River on or about August 25, 2020, the parties' post-filing obligations in relation to the JOA Agreements, the rights and obligations intended to be transferred pursuant to the Seismic License Agreement, nor any claims arising from non-compliance with this Agreement.
4. Notwithstanding that the Debentureholders are not signatories to this Agreement, the Parties agree that the Debentureholders shall be entitled to rely on the Release granted to them within this Agreement.
5. The Parties further covenant and agree not to join, assist, aid or act in any manner whatsoever with any Person in the making of any claim or demand or in the bringing of any proceeding or action in any manner whatsoever against any other Party or Parties, arising out of or in relation to the Released Matters, and not to make any claim or demand nor bring any proceeding or action in any manner whatsoever against any Person who might claim contribution or indemnity from any Party arising out of or in relation to the Released Matters.
6. The Parties represent and warrant that they have not assigned and will not assign to any other person or entity any of the Released Matters.
7. It is understood and agreed that this Release reflects a compromise settlement of disputed claims and that the entering into of this Release is not, nor shall it be construed as, an admission of liability by any of the Parties and such liability is expressly denied.
8. The Parties each expressly accept and assume the risk that if any fact or circumstance is found, suspected or claimed hereafter to be other than or different from the facts or circumstances now believed to be true, this Release shall be and remain enforceable and not subject to termination, rescission or variation notwithstanding any such difference in any such facts or circumstances. This clause does not apply if the fact or circumstance was wilfully concealed or wilfully misrepresented by the other Party or its representatives, predecessors, successors, directors, officers, employees, agents, related or affiliated companies, shareholders, or assigns.
9. Neither of the Parties shall make any oral or written statement about the other Party related to the Released Matters which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in its respective industry or in the wider business community.

10. This Release contains the whole agreement between the Parties with respect to the matters referred to herein, and there are no warranties, representations, terms, conditions, collateral agreements, promises, inducements, express or implied, other than set forth in this Release.
11. Each of the Parties represents and declares that it has carefully read this Release and obtained independent legal advice with regard to the terms and conditions of this Release prior to their execution.
12. Each of the Parties represents and warrants that it has all necessary corporate power, authority and capacity to enter into this Release and to carry out its obligations under this Release, that the execution and delivery this Release have been duly authorized by all necessary personnel and corporate action on its part and that this Release is its legal, valid and binding obligation.
13. This Release may be executed in one or more counterparts, and exchanged in electronic or PDF format by electronic mail, each of which shall be deemed an original, and all of which together shall constitute one and the same document.
14. In the event that any provision of this Release is held to be invalid or unenforceable by a court of competent jurisdiction, then such provision shall be deemed to be severed from this Release and the remaining provisions hereof will continue in full force and effect.
15. This Release will be interpreted in accordance with the laws of the Province of Alberta and Canada and all disputes arising out of or in connection with this Release shall be submitted to, and subject to, the exclusive jurisdiction of the Court.
16. The undersigned represent and warrant that they are not under any legal disability and that they have caused this Release to be executed of their own free will, and that any signatory has full authority to execute this Release.

**IN WITNESS WHEREOF** the Parties have executed this Settlement and Mutual Release Agreement as of the day and year first above written.

**BOW RIVER ENERGY LTD.**

**HUSKY OIL OPERATIONS LIMITED**

Per: \_\_\_\_\_

Name:

Title:

“I have authority to bind the corporation”

Per: \_\_\_\_\_

Name:

Title:

“I have authority to bind the corporation”

## **SCHEDULE "A"**

Within five (5) business days of receipt of the Settlement Amount, Husky shall discharge all of its registrations against either Bow River or its assets, undertakings and properties of every nature and kind whatsoever, including the caveats registered against title to Bow River's mineral interests as described herein:

### **1. Title Number 152 362 888 +7**

#### Legal Land Description

FIRST

\*ALL COAL, PETROLEUM AND VALUABLE STONE AND THE RIGHT  
TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 3  
QUARTER NORTH WEST  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

SECOND

\*ALL COAL, PETROLEUM AND VALUABLE STONE AND THE RIGHT  
TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 3  
QUARTER NORTH EAST  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

THIRD

\*ALL COAL, PETROLEUM AND VALUABLE STONE AND THE RIGHT  
TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 3  
QUARTER SOUTH WEST  
AREA: 64.3 HECTARES (159 ACRES) MORE OR LESS

FOURTH

\*ALL GAS, PETROLEUM, MINES AND MINERALS AND THE RIGHT TO  
WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 3  
QUARTER SOUTH EAST

#### Husky Caveat Registration

Registration Number: 172 220 949

Date: 24/08/2017

CAVEAT

RE : ROYALTY AGREEMENT

CAVEATOR - HUSKY OIL OPERATIONS LTD.



BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

2. **Title Number 152 362 886 +6**

Legal Land Description

FIRST  
\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 39  
SECTION 3  
QUARTER NORTH WEST  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

SECOND  
\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 39  
SECTION 3  
QUARTER NORTH EAST  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

THIRD  
\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 39  
SECTION 3  
QUARTERS SOUTH WEST AND SOUTH EAST  
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS IN EACH  
QUARTER EXCEPTING THEREOUT:  
ALL THAT PORTION TAKEN FOR RIGHT OF WAY AND EXTRA LAND  
OF THE PHEASANT HILL BRANCH OF THE CANADIAN PACIFIC  
RAILWAY COMPANY, AS SHOWN ON RAILWAY PLAN 2452AA,  
CONTAINING 6.95 HECTARES (17.18 ACRES) MORE OR LESS.

Husky Caveat Registration

Registration Number: 172 220 945  
Date: 24/08/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LIMITED  
BOX 6525 STN "D"  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

3. **Title Number 152 361 597 +5**

Legal Land Description

FIRST

\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 41  
SECTION 3  
QUARTER NORTH WEST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 41  
SECTION 3  
QUARTER NORTH EAST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 41  
SECTION 3  
QUARTER SOUTH WEST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 41  
SECTION 3  
QUARTER SOUTH EAST

#### Husky Caveat Registration

Registration Number: 172 231 427  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN.

#### 4. **Title Number 152 362 853 +8**

##### Legal Land Description

FIRST  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 5  
QUARTER NORTH WEST  
AREA: 64.5 HECTARES (159.5 ACRES) MORE OR LESS

SECOND

\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 5  
QUARTER NORTH EAST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 5  
QUARTER SOUTH WEST  
AREA: 64.3 HECTARES (159 ACRES) MORE OR LESS

FOURTH  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 5  
QUARTER SOUTH EAST

#### Husky Caveat Registration

Registration Number: 172 220 952  
Date: 24/08/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LIMITED  
BOX 6525 STN "D"  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

#### 5. **Title Number: 152 361 620 +6**

#### Legal Land Description

FIRST  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 19  
QUARTER NORTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 19  
QUARTER NORTH EAST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD

\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 19  
QUARTER SOUTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 19  
QUARTER SOUTH EAST  
AND THE RIGHT TO WORK THE SAME

Husky Caveat Registration

Registration Number: 172 231 419  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN.

6. **Title Number 152 361 620 +7**

Legal Land Description

FIRST  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 21  
QUARTER NORTH WEST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 21  
QUARTER NORTH EAST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 21  
QUARTER SOUTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH

\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 21  
QUARTER SOUTH EAST  
AND THE RIGHT TO WORK THE SAME

Husky Caveat Registration

Registration Number: 172 231 709  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

7. **Title Number 152 361 620 +8**

Legal Land Description

FIRST  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 23  
QUARTER NORTH WEST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 23  
QUARTER NORTH EAST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 23  
QUARTER SOUTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 41  
SECTION 23  
QUARTER SOUTH EAST

Husky Caveat Registration

Registration Number: 172 231 428  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN.

8. **Title Number 152 362 820 +5**

Legal Land Description

FIRST  
\*ALL COAL, PETROLEUM AND VALUABLE STONE AND THE RIGHT  
TO WORK THE SAME WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 38  
SECTION 31  
QUARTER NORTH WEST  
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED  
10 MAY 1904  
CONTAINING 62.3 HECTARES (154 ACRES) MORE OR LESS

SECOND  
\*ALL COAL, PETROLEUM AND VALUABLE STONE AND THE RIGHT  
TO WORK THE SAME WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 38  
SECTION 31  
QUARTER NORTH EAST  
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED  
10 MAY 1904  
CONTAINING 62.3 HECTARES (154 ACRES) MORE OR LESS

THIRD  
\*ALL COAL, PETROLEUM AND VALUABLE STONE AND THE RIGHT  
TO WORK THE SAME WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 38  
SECTION 31  
QUARTER SOUTH WEST  
AREA: 64.3 HECTARES (159 ACRES) MORE OR LESS

FOURTH  
\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 38  
SECTION 31  
QUARTER SOUTH EAST  
AREA: 64.3 HECTARES (159 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 231 457  
Date: 06/09/2017  
CAVEAT

RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**9. Title Number 152 361 457 +1**

Legal Land Description

FIRST  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 40  
SECTION 35  
QUARTER NORTH WEST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 40  
SECTION 35  
QUARTER NORTH EAST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 40  
SECTION 35  
QUARTER SOUTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 40  
SECTION 35  
QUARTER SOUTH EAST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 231 450  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**10. Title Number 152 361 052 +2**

## Legal Land Description

### FIRST

\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 33  
ALL THAT PORTION OF THE NORTH WEST QUARTER NOT COVERED  
BY THE WATERS OF LAKE  
NO. 2 AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP  
SIGNED AT OTTAWA ON  
THE 2ND DAY OF MAY A.D. 1904  
CONTAINING 65.6 HECTARES (162 ACRES) MORE OR LESS  
AND THE RIGHT TO WORK THE SAME

### SECOND

\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 33  
ALL THOSE PORTIONS OF THE NORTH EAST QUARTER  
WHICH ARE NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 2  
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED  
02 MAY 1904  
CONTAINING 71.524 HECTARES (176.8 ACRES) MORE OR LESS

### THIRD

\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 33  
ALL THOSE PORTIONS OF THE SOUTH WEST QUARTER  
WHICH ARE NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 2  
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED  
02 MAY 1904  
CONTAINING 7.001 HECTARES (17.3 ACRES) MORE OR LESS

### FOURTH

\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 33  
ALL THOSE PORTIONS OF THE SOUTH EAST QUARTER  
WHICH ARE NOT COVERED BY ANY OF THE WATERS OF LAKE NO. 2  
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED  
02 MAY 1904  
CONTAINING 50.762 HECTARES (125.4 ACRES) MORE OR LESS

## Husky Caveat Registration

Registration Number: 172 220 950  
Date: 24/08/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D



CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**11. Title Number 152 362 853 +7**

Legal Land Description

FIRST

\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 7  
QUARTER NORTH EAST  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

SECOND

\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 7  
QUARTER SOUTH WEST  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

THIRD

\*ALL COAL AND PETROLEUM WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 7  
QUARTER SOUTH EAST  
AND THE RIGHT TO WORK THE SAME  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 231 426  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN.

**12. Title Number 152 362 853 +5**

Legal Land Description

\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 39  
SECTION 7  
QUARTER NORTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 65.2 HECTARES (161 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 220 944  
Date: 24/08/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LIMITED  
BOX 6525 STN "D"  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN  
AS TO LSD 11 AND 12

**13. Title Number 152 361 052 +4**

Legal Land Description

FIRST  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 5  
QUARTER NORTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 5  
QUARTER NORTH EAST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 5  
QUARTER SOUTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 231 447  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**14. Title Number 152 361 052 +7**

Legal Land Description

\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 4 TOWNSHIP 42  
SECTION 5  
QUARTER SOUTH EAST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 207 425  
Date: 11/08/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**15. Title Number 152 362 860 +4**

Legal Land Description

FIRST  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 1  
QUARTER NORTH WEST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 1  
QUARTER NORTH EAST  
AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD  
\*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 1  
QUARTER SOUTH WEST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH  
\*ALL COAL, PETROLEUM AND VALUABLE STONE  
WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 1

QUARTER SOUTH EAST  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 231 704  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**16. Title Number 172 119 442+8**

Legal Land Description

FIRST  
\*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM, AND  
VALUABLE STONE WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 38  
SECTION 33  
QUARTER SOUTH EAST AND THE RIGHT TO WORK THE SAME  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND  
\*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM, AND  
VALUABLE STONE WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 3 TOWNSHIP 38  
SECTION 33  
THE NORTH EAST QUARTER  
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED  
10TH MAY 1904 CONTAINING 62.7 HECTARES ( 155 ACRES) MORE OR  
LESS

Husky Caveat Registration

Registration Number: 172 198 278  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

**17. Title Number 182 169 900+2**

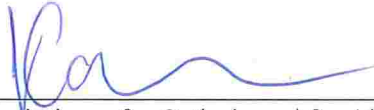
Legal Land Description

FIRST  
\*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 2 TOWNSHIP 39  
SECTION 26  
QUARTER NORTH WEST  
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS

Husky Caveat Registration

Registration Number: 172 224 813  
Date: 06/09/2017  
CAVEAT  
RE : ROYALTY AGREEMENT  
CAVEATOR - HUSKY OIL OPERATIONS LTD.  
BOX 6525 STN D  
CALGARY  
ALBERTA T2P3G7  
AGENT - DEBI QUILLIAN

This is Exhibit "B" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



---

A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
**A Commissioner for Oaths**  
**in and for Alberta**  
**Lawyer, Notary Public**

**BOW RIVER ENERGY LTD.**

**Cash Flow Forecast**

Prepared by Management on July 13, 2020 - UNAUDITED

**\$CAD**

	Note(s)	FORECAST FOR WEEK ENDING:														Total
		17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	
<b>Opening cash</b>		2,389,641	1,769,227	1,260,227	1,671,461	1,425,762	660,089	535,692	1,528,587	1,152,913	609,313	370,737	1,140,817	814,839	777,839	2,389,641
<b>Cash Inflows</b>																
Gross oil and gas sales	1	-	-	708,842	-	-	-	1,215,808	-	-	-	1,213,080	-	-	-	3,137,730
Receivables/Other	2	20,000	-	-	-	20,000	-	-	-	-	-	-	-	-	-	40,000
<b>Total Cash Inflows</b>		20,000	-	708,842	-	20,000	-	1,215,808	-	-	-	1,213,080	-	-	-	3,177,730
<b>Cash Outflows</b>																
<b>Operating Disbursements:</b>																
Operating	3, 13	377,637	400,000	248,206	185,000	542,625	-	173,206	230,000	393,000	(22,397)	313,000	230,303	-	626,038	3,696,619
Transportation	4	-	25,000	-	25,000	-	25,000	-	25,000	-	25,000	-	-	25,000	-	150,000
Royalties	5	-	-	-	-	71,449	-	-	-	-	-	-	-	-	-	97,265
Leases	6	104,738	-	-	-	-	88,897	-	-	-	-	100,200	-	-	-	111,641
G&A	7, 13	94,491	6,500	68,182	35,699	87,600	6,500	18,206	110,675	87,600	(15,897)	63,000	85,675	12,000	82,100	742,331
Capital	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	9	-	4,000	178,220	-	-	4,000	-	10,000	-	-	4,000	10,000	-	-	210,220
<b>Financing Disbursements:</b>																
Debentures	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim financing	11	-	(260,000)	-	-	-	-	-	-	-	-	-	-	-	(450,000)	(710,000)
<b>Restructuring Costs:</b>																
Professional fees	12	63,548	73,500	63,000	-	84,000	-	31,500	-	63,000	52,500	63,000	-	-	-	494,048
Sales process		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>		640,413	509,000	297,608	245,699	785,674	124,397	222,913	375,675	543,600	238,575	443,000	325,978	37,000	467,044	5,256,576
<b>Net Cash Flow</b>		(620,413)	(509,000)	411,234	(245,699)	(765,674)	(124,397)	992,895	(375,675)	(543,600)	(238,575)	770,080	(325,978)	(37,000)	(467,044)	(2,078,845)
<b>Ending cash</b>		1,769,227	1,260,227	1,671,461	1,425,762	660,089	535,692	1,528,587	1,152,913	609,313	370,737	1,140,817	814,839	777,839	310,795	310,795

**BOW RIVER ENERGY LTD.**

Per: Daniel Belot  
VP Finance and CFO

July \_\_\_\_\_, 2020  
CALGARY, ALBERTA

**FORECAST CASH FLOW ASSUMPTIONS:**

**General Note:**

Management of Bow River Energy Ltd. have prepared this forecasted cash flow statement based on probable and hypothetical assumptions as detailed in notes 1-13 below. The forecast has been prepared solely for the purpose of the Company's CCAA filing. As such, readers are cautioned that it may not be appropriate for other purposes and may not match presentation in the Company's financial statements.

**Notes:**

- Oil and natural gas sales are estimated based on prior month's volumes less anticipated production declines and strip/hedged prices as at the time of filing. Monthly cash receipts relate to production volumes and sales from the prior month. In June and July certain revenues owing from Husky Energy were netted from amounts owed to Husky and the cash was not received, resulting in reduced revenues. BRE and Husky have since entered into a settlement agreement, such that there will be no such set-off in future months.
- Receivables are primarily from joint interest billings receivables. BRE has one primary partner in its Saskatchewan and Amisk, Alberta areas. That partner currently owes approximately \$1.1 million in current JIBs and we anticipate it will be billed approximately \$100-\$200 thousand per month going forward to cover monthly operating costs as they take in kind. However, the partner did not pay in June due to timing of JIB inquiries that included concern over non-payment of lease rentals pre-stay by BRE therefore to be conservative we have reduced our estimated cash inflow to nil.
- Operating costs are broken out in Schedule A to this forecast, and are gross payments including the share that will be billed to partners. Estimates are based on historical expenses and projected production levels. Forecast timing assumes certain vendors continue to withhold credit and require cash-on-delivery payment terms.
- Transportation costs relate to costs to transport products to sales points and are forecast based on average historical costs. BRE does not have any fixed transportation contracts.
- Royalties are comprised of Crown and Freehold royalties, GORRs, and Gas Cost Allowance rebates based on historical results being approximately 8% of oil and natural gas sales.
- Annual mineral and surface lease payments which will become due during the forecast period, excluding certain lease payments becoming due in relation to shut-in properties and which lease payments are being deferred pending the outcome of the SISP.
- General and administrative cost forecasts are broken out in Schedule B to this forecast.
- No capital expenditures planned at this time.
- The Company files GST and PST returns on a monthly basis. This reflects the Company's conservative estimate of potential net GST and PST owing. This includes certain payments made to Husky Energy in respect of the settlement agreement mentioned in Note 1.
- Debenture payments of principal and interest were suspended in April 2020 and are expected to be stayed during the CCAA process.
- BRE has obtained an agreement from a debenture holder for Interim financing of \$1.1 million at a 9% per annum interest rate based on its forecast of cash needs to completion of the proposed sale process. The facility is forecast to be drawn on as necessary to maintain \$300 thousand cash balance for any unanticipated variance in the forecast as no additional funds are available to the Company. A portion of which is anticipated to be drawn in the month following the forecast period.
- Restructuring costs consist of and monthly payments for professional fees to be incurred as part of the CCAA process. This includes payments to the Company's legal counsel and the Monitor and its legal counsel, and is based on updated estimates from those professionals
- The Company has received three months of the Canadian Emergency Wage Subsidy (CEWS) and will continue to apply. The Company has allocated a portion as a credit to field salaries and a portion as a credit to G&A. An estimate of future claims and timing of payments has been included to the end of August. The Prime Minister announced an extension to the end of December 2020 but the revised criteria have not been released therefore to be conservative no additional credits have been estimated at this time.

**BOW RIVER ENERGY LTD.**

**Cash Flow Forecast - SCHEDULE A - OPEX**

Prepared by Management on July 13, 2020 - UNAUDITED

\$CAD

	Note	FORECAST FOR WEEK ENDING:														Total
		17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	
<b>OPEX</b>																
Field Payroll	1	75,445	-	48,206	-	93,000	-	48,206	-	93,000	(22,397)	93,000	-	-	93,000	521,461
Electricity	2	-	400,000	-	-	300,000	-	-	-	300,000	-	-	-	-	300,000	1,300,000
Vehicle leases	3	-	-	-	30,000	-	-	-	30,000	-	-	-	30,000	-	-	90,000
Field Expense	4	302,192	-	200,000	155,000	149,625	-	125,000	200,000	-	-	220,000	200,303	-	233,038	1,785,158
<b>Total OPEX</b>		<b>377,637</b>	<b>400,000</b>	<b>248,206</b>	<b>185,000</b>	<b>542,625</b>	<b>-</b>	<b>173,206</b>	<b>230,000</b>	<b>393,000</b>	<b>(22,397)</b>	<b>313,000</b>	<b>230,303</b>	<b>-</b>	<b>626,038</b>	<b>3,696,619</b>

**Notes:**

- 1 - Field payroll includes field employees and contractors' wages and benefits net of forecasted Canadian Emergency Wage Subsidy benefit receipts.
- 2 - Shortly prior to the Filing Date, BRE switched electricity providers to Epcor. The Company has not yet received an invoice from Epcor, so monthly charges are estimates based on forecasted usage and anticipated rates. On June 22, 2020 Epcor advised BRE that it required immediate payment of a deposit of \$400,000 (which BRE paid) and it would be further reviewing the deposit requirements, such that an additional deposit may be requested. The forecast payments include deposits but assumes that such additional deposit will amount to no more than \$100k
- 3 - Vehicle leases include monthly rental, maintenance and fuel charges for Company trucks.
- 4 - Field expenses include all other costs to operate and maintain oil and gas operations. Field expenses have been estimated based on a detailed review of historical expenses, adjusted for shut in production and reduced activity due to the current pricing environment.



**BOW RIVER ENERGY LTD.**

**Cash Flow Forecast - SCHEDULE B - G&A**

Prepared by Management on July 13, 2020 - UNAUDITED

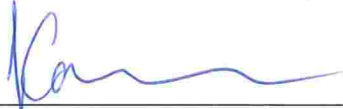
\$CAD

	Note	FORECAST FOR WEEK ENDING:														Total
		17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	
<b>G&amp;A</b>																
Rent	1	-	-	13,516	-	-	-	-	13,516	-	-	-	13,516	-	-	40,547
Payroll & Benefits	2	77,067	6,500	18,206	6,500	75,600	6,500	18,206	6,500	75,600	(15,897)	63,000	6,500	-	82,100	426,383
Software and IT Support	3	15,171	-	26,310	4,646	12,000	-	-	17,956	12,000	-	-	17,956	12,000	-	118,040
Professional Fees	4	-	-	-	-	-	-	-	25,000	-	-	-	-	-	-	25,000
Other	5	2,252	-	10,150	24,553	-	-	-	47,703	-	-	-	47,703	-	-	132,361
<b>Total G&amp;A</b>		<b>94,491</b>	<b>6,500</b>	<b>68,182</b>	<b>35,699</b>	<b>87,600</b>	<b>6,500</b>	<b>18,206</b>	<b>110,675</b>	<b>87,600</b>	<b>(15,897)</b>	<b>63,000</b>	<b>85,675</b>	<b>12,000</b>	<b>82,100</b>	<b>742,331</b>

**Notes:**

- 1 - Rent includes offices in Calgary, AB and Provost, AB.
- 2 - Payroll includes office employees and contractors' wages and benefits net of forecasted Canadian Emergency Wage Subsidy benefit receipts.
- 3 - Software and IT support costs include fees for various software applications used in accounting, geology, land and engineering and 3rd party IT support.
- 4 - Professional fees include legal and accounting fees not directly related to the CCAA process such as annual income tax return preparation.
- 5 - Other includes insurance, office supplies, telephone, courier, postage, etc.

This is Exhibit "C" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

## INTERIM FINANCING TERM SHEET

Dated as of July 17, 2020

**WHEREAS** Bow River Energy Ltd. (the "**Borrower**") has commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Alberta Court of Queen's Bench (the "**Court**") in Court Action No. 2001-06997 (the "**CCAA Proceedings**").

**AND WHEREAS** the Court granted the Borrower's application for creditor protection and granted an Initial Order pursuant to the CCAA on June 1, 2020 (the "**Initial Order**"), which Initial Order was further amended and restated by the Court on June 10, 2020 (the "**Amended and Restated Initial Order**");

**AND WHEREAS** the Borrower has requested that the Interim Lender (as defined below) provide it with loans in order to fund certain of the Borrower's obligations during the pendency of the CCAA Proceedings.

**AND WHEREAS** the Interim Lender (as defined below) has agreed to provide the requested loans in accordance with the terms set out herein.

**NOW THEREFORE**, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **Borrower:** Bow River Energy Ltd.
2. **Interim Lender:** 2270943 Alberta Ltd. (together with any person party hereto from time to time as a lender or as successor or assignee thereof, collectively the "**Interim Lenders**", and each individually an "**Interim Lender**").

The obligations of the Interim Lenders shall be several (and not joint and several). No Interim Lender shall be responsible for the obligations of any other Interim Lender under this Interim Financing Term Sheet, and the failure of any Interim Lender to perform its obligations under this Interim Financing Term Sheet (each such defaulting party being a "**Defaulting Lender**") shall not affect the obligations of any other Interim Lender (each such non-defaulting lender being a "**Non-Defaulting Lender**") hereunder, provided that, in the event of any such failure (i) any Non-Defaulting Lender shall have the right, at its option and in its sole discretion, to assume and perform such Defaulting Lender's obligations (each an "Assuming Non-Defaulting Lender"), in which case all rights including all interest and fees that would have been payable to the Defaulting Lender shall accrue to such Assuming Non-Defaulting Lender. The rights of any Non-Defaulting Lender hereunder shall not prohibit or impair any remedies that the Borrower may pursue against the Defaulting Lender. To the extent multiple Non-Defaulting Lenders wish to assume the obligations of any Defaulting Lender, such Defaulting lender's obligations and all rights in respect thereof shall be divided among such Non-Defaulting Lenders on a pro rata basis in accordance with their respective share of the Interim Facility (excluding for the

purposes of such calculation such Defaulting Lender's own share of the aggregate Interim Facility).

3. **AGENT:** Randy Eresman shall act as administrative agent and collateral agent for and on behalf of the Interim Lenders (the "**Agent**") and all security will be held by the Agent for and on behalf of the Interim Lenders on a *pari passu* basis, based on the amount of their respective contributions to the Interim Facility.

The Agent is hereby authorized to communicate the consent, approval or acceptance of the Interim Lenders, where such consent, approval or acceptance is required in this Interim Financing Term Sheet, and where so communicated by the Agent in the manner prescribed herein, it is as if such consent, approval or acceptance was provided by the Interim Lenders.

4. **Defined Terms:** Capitalized terms used in this Interim Financing Term Sheet and not defined herein have the meanings given thereto in Schedule "A". Unless otherwise noted herein, all references herein to "dollars" or to "\$" means Canadian dollars.

5. **Purpose:** To provide for i) payment towards the Settlement Fund (as defined and detailed below), and ii) the short-term liquidity needs of the Borrower pursuant to the Cash Flow Budget while the Borrower is under CCAA protection pursuant to the CCAA Proceedings.

6. **Interim Facility and Maximum Amount:** A senior secured super priority (debtor-in-possession), interim, revolving credit facility (the "**Interim Facility**") up to a maximum principal amount of \$1.1 million (as such amount may be reduced from time to time pursuant to Section 13 hereof, the "**Maximum Amount**"), subject to the terms and conditions contained herein.

The initial advance of the Interim Facility in the amount of \$260,000 (the "**Initial Advance**") shall be funded to the Borrower's account on the date the Conditions Precedent have been satisfied or waived in accordance with Section 10 hereof.

7. **Interest Rate and Default Interest:** Advances under the Interim Facility ("**Advances**"), including the Initial Advance, shall bear interest at a rate equal to 8% per annum. Interest on Advances shall accrue monthly in arrears and be added to the principal amount outstanding under the Interim Facility on the first Business Day of each month.

All interest will be calculated on the basis of a 365 day year and actual days lapsed, up to and including the date of actual payment from (but excluding) the due date; provided that whenever a rate of interest hereunder is calculated on the basis of a year (the "**deemed year**") that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of

days in the deemed year. The principle of deemed reinvestment of interest does not apply to any interest calculation in any Interim Financing Credit Documentation, and the rates of interest stipulated in any Interim Financing Credit Documentation are intended to be nominal rates and not effective rates or yields.

Any amounts which are not paid when due and payable by the Borrower hereunder or in respect of any Interim Financing Credit Documentation shall accrue interest (after as well as before maturity, default and judgment) on a daily basis up to and including the date of actual payment from (but excluding) the due date, at a rate equal to 8% per annum, payable on demand by the Interim Lender.

8. **Use of Proceeds:**

The Borrower is authorized to use Advances (i) to make payments (the "**Settlement Funds**") in accordance with the Settlement and Release Agreement between the Borrower and Husky Oil Operations Limited ("**Husky**"), as more particularly set-forth in Confidential Schedule "D" hereto (the "**Settlement Agreement**"); (ii) for working capital, including for restructuring costs in the CCAA Proceedings and for other general corporate purposes of the Borrower; (iii) to make payments necessary to comply with or as contemplated under the Amended and Restated Initial Order; and (iv) to pay the fees and expenses of the beneficiaries of the Administration Charge, the Directors' Charge, and professional fees (including the Interim Lender's and the Borrower's legal counsel, the Monitor and the Monitor's legal counsel, and such other agents, advisors and consultants of the Borrower), in each case of the foregoing paragraphs (i) to (iv), consistent with (and as provided for) in the Cash Flow Budget in all material respects; provided that no proceeds from the Interim Facility or the Collateral shall be used other than in accordance with this Interim Financing Term Sheet unless otherwise agreed in writing by the Interim Lender.

9. **Conditions Precedent To Effectiveness:**

The effectiveness of this Interim Financing Term Sheet is subject to the satisfaction of the following conditions precedent as determined by the Interim Lender in its sole discretion:

- (a) The Court shall have issued an order (the "**Interim Lender Order**") approving this Interim Financing Term Sheet and the Interim Facility and granting the Interim Lender a charge (the "**Interim Lender Charge**") on the Collateral of the Borrower, securing all obligations owing by the Borrower to the Interim Lender hereunder or under any other related agreement, including, without limitation, all principal, interest and Interim Financing Fees and Expenses (collectively, the "**Interim Financing Obligations**"); the Interim Lender Order shall provide that the Interim Lender Charge shall have priority over all Liens, other than the Administration Charge; and the Interim Lender Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Interim

Lender in a material manner, without the consent of the Interim Lender;

- (b) The Court shall have issued an order approving the Settlement Agreement (as defined below), including payment of the Settlement Funds as contemplated therein;
- (c) The Interim Financing Credit Documentation shall be satisfactory to the Interim Lender, acting reasonably, and shall have been executed by the Borrower;
- (d) The Interim Lender shall have received the Cash Flow Budget in accordance with the terms of this Interim Financing Term Sheet;
- (e) All of the representations and warranties of the Borrower as set forth herein and in any other Interim Financing Credit Documentation are true and accurate in all material respects; and
- (f) There are no Liens ranking in priority to the Interim Lender Charge, other than the Administration Charge.

10. **Conditions Precedent To Advances:**

The Interim Lender's obligation to make Advances to the Borrower under this Interim Financing Term Sheet is subject to the satisfaction of the following conditions precedent as determined by the Interim Lender in its sole discretion (collectively, the "**Funding Conditions**"):

- (a) This Interim Financing Term Sheet shall have become effective and all conditions precedent set out in Section 9 shall have been fulfilled;
- (b) The Borrower shall have entered into the Settlement Agreement;
- (c) The Interim Lender shall have received from the Borrower an Advance Request, substantially in the form attached hereto as Schedule "C", which shall be executed by an officer of the Borrower, and shall certify, inter alia, that the Advance Request is within the Maximum Amount, is consistent with the Cash Flow Budget, and that the Borrower is in compliance with the Interim Financing Credit Documentation and the Restructuring Court Orders (as defined below);
- (d) The Interim Lender shall, acting reasonably, be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to its business other than (i) as may be permitted under the court orders made in the CCAA Proceedings applicable to the Borrower (collectively, the "**Restructuring Court Orders**" and each a "**Restructuring Court Order**") or (ii) as to which any enforcement in respect of noncompliance is

stayed by a Restructuring Court Order, provided the issuance of such Restructuring Court Order (in each case) does not result in the occurrence of an Event of Default;

- (e) The requested Advance shall not, if advanced to the Borrower, cause the aggregate amount of all outstanding Advances to exceed the Maximum Amount or be greater than the total Advances projected to be required in the Cash Flow Budget, unless otherwise specifically approved by the Interim Lender;
- (f) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or will be paid from the proceeds of the requested Advance within such period of time as is acceptable to the Interim Lender in its discretion;
- (g) All of the representations and warranties of the Borrower as set forth herein and in any other Interim Financing Credit Documentation are true and accurate in all material respects;
- (h) No Default or Event of Default has occurred or will occur as a result of the requested Advance;
- (i) The Interim Lender is satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order;
- (j) The Interim Lender is satisfied, in their sole discretion, with conduct of all Sales Processes;
- (k) The Interim Lender shall have a valid and perfected super priority Lien on the Collateral pursuant to the Interim Lender Order and, without limiting Section 10(a) herein, there are no Liens ranking in priority to the Interim Lender Charge, other than the Administration Charge; and
- (l) Each of the Amended and Restated Initial Order and the Interim Lender Order shall be in full force and effect and shall not have been reversed, modified, amended or stayed in a manner adverse to the interests of the Interim Lender.

Notwithstanding any other provision herein (including this Section 10) or in any other Interim Financing Credit Documentation, the Interim Lender is under no obligation to make Advances to the Borrower in an aggregate amount exceeding \$1.1 million.

#### 11. **Repayment:**

The Interim Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved by the requisite majorities of the Borrower's creditors

and by order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); (iv) the sale of all or substantially all of the Collateral; and (v) December 31, 2020 (the earliest of such dates being the "**Maturity Date**").

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan shall not discharge or otherwise affect in any way any of the obligations of the Borrower to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date the Plan is implemented.

**12. Prepayment:**

Upon 5 days prior written notice to the Interim Lender, the Borrower may prepay any amounts outstanding under the Interim Facility at any time prior to the Maturity Date, without any prepayment fee or penalty. In no event shall the Interim Lender be obligated to accept any amount that would be contrary to any applicable law respecting interest to be charged. If the minimum interest is determined to be in excess of the maximum amount permitted by applicable law, then the minimum interest shall be reduced to the maximum amount that would be permitted by applicable law.

The Borrower may borrow, repay and re-borrow Advances, subject to the terms and conditions herein. Any amount repaid or prepaid under the Interim Facility (including those repaid in accordance with Section 13) shall be applied against amounts outstanding hereunder and in connection herewith by the Interim Lender in its sole and absolute discretion.

**13. Mandatory Repayments:**

Unless otherwise consented to in writing by the Interim Lender, Advances to the Borrower shall be forthwith repaid and the Maximum Amount shall be permanently reduced: (i) upon a sale of any of the Collateral out of the ordinary course of business, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable costs and closing adjustments); (ii) upon receipt by the Borrower of insurance proceeds with respect to the Collateral owned by it and (iii) upon receipt by the Borrower of a refund or payment on account of Taxes from any Governmental Entity, excluding refunds or payments on account of sales taxes.

**14. Evidence of Indebtedness:**

The Interim Lender's accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.



15. **Costs and Expenses:** The Borrower shall pay all of the Interim Lender's legal fees and out-of-pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the other Interim Financing Credit Documentation or the CCAA Proceedings (collectively, the "**Interim Financing Fees and Expenses**").
16. **Documentation and Interim Facility Security:** The Interim Financing Obligations shall be secured by
- (a) the Interim Lender Charge; and
  - (b) such other documents as the Interim Lender may reasonably request, including those documents required in order to register or otherwise perfect the security interests comprising the Interim Lender Charge.
- ((a) and (b) collectively, the "**Interim Financing Security**").
- The Interim Financing Security shall be in priority to all Liens pursuant to the Initial Order, subordinate only to the Administration Charge. Notwithstanding the foregoing and subject to the concluding sentence of this paragraph, no proceeds of any Advance may be used to (a) investigate, object to or challenge in any way any claims of the Interim Lender against the Borrower in respect of the Interim Facility, or (b) investigate, object to or challenge in any way the validity or enforceability of the Liens created under the Interim Financing Security. Nothing in this paragraph shall restrict the Borrower or the Monitor, including the engagement by the Monitor of independent legal counsel, from conducting a claims process in accordance with any Restructuring Court Order (and receiving their fees, costs and expenses therefor).
- The Interim Financing Security and charges created hereby and in the Interim Lender Order shall be deemed to be valid and perfected by the granting of the Interim Lender Order. The Interim Lender shall not be required to file any financing statement, mortgage or similar instrument or take any other action to validate or perfect the security charges granted hereunder and in the Interim Lender Order, however the Interim Lender may register the Interim Financing Security (and/or any notice, certificate, instrument or other agreement associated therewith) in jurisdictions and at registries or public offices as the Interim Lender may determine necessary or beneficial to protect the interests under the Interim Financing Security.
17. **Permitted Liens and Priority:** All Collateral will be free and clear of all other Liens, except for the Permitted Liens.
18. **Cash Flow Budget:** Attached hereto as Schedule "B" is the Cash Flow Budget, which is in form and substance satisfactory to the Interim Lender.

Following the granting of the Interim Lender Order, the Interim Lender may, once every 14 days, issue a written request to the Borrower requesting an updated Cash Flow Budget in form and substance satisfactory to and approved by the Interim Lender, together with (i) a comparison of the previous week's forecast to actual cash receipts and expenditures for each line item in the Cash Flow Budget (i.e. a week in arrears), and (ii) an explanation of the differences. Upon receipt of such a written request, the Borrower shall, within a reasonable period of time, deliver the updated Cash Flow Budget and such other information to the Interim Lender.

19. **Monitor:**

The monitor in the CCAA Proceedings is BDO Canada Limited (the "**Monitor**"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time.

20. **Representations and Warranties:**

The Borrower represents and warrants to the Interim Lender, upon which the Interim Lender relies in entering into this Interim Financing Term Sheet and the other Interim Financing Credit Documentation, as follows:

- (a) The Interim Financing Term Sheet and the other Interim Financing Credit Documentation and the transactions contemplated hereby and thereby:
  - (i) are within the powers of the Borrower;
  - (ii) have been duly executed and delivered by or on behalf of the Borrower pursuant to the Amended and Restated Order;
  - (iii) do not conflict with or result in a breach of any of the terms or conditions of the constating documents of the Borrower, any applicable law, any contractual restrictions binding on or affecting the Borrower or the Borrower's material properties or any judgement, injunction, determination or award which is binding on the Borrower;
  - (iv) upon the granting of the Interim Lender Order, constitute legal, valid and binding obligations of the Borrower; and
  - (v) other than those already obtained, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party, other than filings which may be made, but are not required, to register or otherwise record the Interim Lender Charge or the Interim Financing Security.

- (b) The activities of the Borrower will be conducted in material compliance with all applicable provincial and federal laws, subject to the provisions of the CCAA and any Restructuring Court Order, unless (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Restructuring Court Order.
- (c) The Borrower, since the commencement of the CCAA Proceedings, has maintained its obligations for payroll, source deductions, current normal cost pension liabilities, retail sales tax, goods and services tax and harmonized sales tax, as applicable, and is not in arrears in respect of payment of these obligations.
- (d) All representations and warranties made by the Borrower in all other Interim Financing Credit Documentation are true and accurate in all material respects.
- (e) No Default or Event of Default has occurred and is continuing.
- (f) The Borrower is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business.

**21. Affirmative Covenants:**

In addition to all of the other covenants and obligations contained herein, the Borrower covenants and agrees to perform and do each of the following until the Interim Facility is permanently and indefeasibly repaid in full and terminated:

- (a) allow the Interim Lender or its agents and advisors, on reasonable notice during regular business hours, to enter on and inspect the Borrower's assets and properties, and provide the Interim Lender and its agents or advisors, on reasonable notice and during normal business hours, full access to the Borrower's books and records and cause management and employees thereof to fully co-operate with the Interim Lender, its agents and advisors;
- (b) provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan, Restructuring Option, any Sale Process and any information, which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender, provided, however, that the Interim Lender shall not be entitled to receive any information in respect of bids or offers received in the Sale Process that encompass property over which the Interim Lender, or any of its affiliates or related parties, or another party in which the Interim Lender holds an interest, has also submitted a bid;

- (c) provide the Interim Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file within the CCAA Proceedings as soon as practically possible prior to any such filing;
- (d) use reasonable efforts to keep the Interim Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower;
- (f) deliver to the Interim Lender the updated Cash Flow Budget as and when set out herein, and such other reporting and other information from time to time reasonably requested by the Interim Lender. Without limiting the foregoing, the Borrower shall use commercially reasonable efforts to deliver to the Interim Lender copies of any financial reporting provided to the Monitor in a timely manner and forthwith provide to the Interim Lender any reports or commentary received from the Monitor regarding the financial position of the Borrower;
- (g) conduct all activities in a manner consistent with the Cash Flow Budget;
- (h) use the proceeds of the Interim Facility only for the purposes described in Section 4, and in a manner consistent with the restrictions set out herein;
- (i) comply with the provisions of the Restructuring Court Orders; provided that if any Restructuring Court Order contravenes this Interim Financing Term Sheet or any of the Interim Financing Credit Documentation so as to adversely impact the rights or interests of the Interim Lender in a material manner, such contravention shall constitute, and shall be deemed to be, an Event of Default hereunder;
- (j) preserve, renew and keep in full force its respective corporate existence and its respective material licenses, permits, approvals, etc. required in respect of its business, properties, assets or any activities or operations carried out therein, unless otherwise agreed by the Interim Lender;
- (k) use commercially reasonable efforts consistent with the Cash Flow Budget to (i) maintain the insurance, in existence as at the date hereof with respect to the Collateral owned by it, or (ii) obtain insurance over such Collateral where none exists or has expired, on terms acceptable to the Interim Lender, acting reasonably; and
- (l) forthwith notify the Interim Lender of the occurrence of any Default or Event of Default, or any event that could reasonably be expected to cause a Material Adverse Change.

**22. Negative Covenants:**

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking after the date hereof (excluding dispositions of obsolete assets or dispositions in the ordinary course of business), without the prior written consent of the Interim Lender, not to be unreasonably withheld, or the Court. For greater certainty, in the case of any transfer, lease, sale or other disposition of any Collateral, all proceeds of such transfer, lease, sale or other disposition shall be subject to Section 13;
- (b) make any payment of principal or interest in respect of existing (pre-filing) debt or obligation other than as contemplated by the Settlement Agreement, or as may be permitted by a Restructuring Court Order that does not result in an Event of Default, and is provided for in the Cash Flow Budget;
- (c) make any payments not consistent with the Cash Flow Budget;
- (d) subject to the payment of \$12,000 to the Canada Energy Regulator in relation to an outstanding pipeline transfer issue, make or give any additional financial assurances, in the form of bonds, letters of credit, financial guarantees or otherwise, to any person or Governmental Entity;
- (e) create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which is senior to or *pari passu* with the Interim Lender Charge, other than the Administration Charge;
- (f) change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity except as part of a transaction under a Sale Process approved by a Restructuring Court Order, and on terms and conditions satisfactory to the Interim Lender, acting reasonably; or
- (g) make any payment in respect of post-employment benefit payments.

**23. Indemnity and Release:**

The Borrower agrees to indemnify and hold harmless the Interim Lender and its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, "**Claims**") as a result of or arising out of or in any way related to or resulting from the Interim Facility, this Interim Financing Term Sheet or any other Interim

Financing Credit Documentation (regardless of whether such Claim is made in the CCAA Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrower shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or willful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages.

The indemnities granted under this Interim Financing Term Sheet shall survive any termination of the Interim Facility.

**24. Events of Default:**

The occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**") under this Interim Financing Term Sheet:

- (a) the failure of the Borrower to pay any principal amount owing under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation when due and such default shall remain unremedied for a period of two (2) Business Days after written notice from the Interim Lender to the Borrower that such amount is overdue;
- (b) failure of the Borrower to pay any interest or fees or any portion thereof owing under Interim Financing Term Sheet or any other Interim Financing Credit Documentation when due and such default shall remain unremedied for a period of five (5) Business Days after written notice from the Interim Lender to the Borrower that such amount is overdue;
- (c) the issuance of an order of the Court (including any Restructuring Court Order) or any other court of competent jurisdiction:
  - (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien against the Borrower, or a material portion of its property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, or

similar official or the making of a bankruptcy order against the Borrower;

- (ii) granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Administration Charge;
  - (iii) staying, reversing, vacating or otherwise modifying the Initial Order or any Restructuring Court Order in a manner materially adverse to the interests of the Interim Lender; or
  - (iv) adversely impacting the rights and interests of the Interim Lender in a material manner, without the prior written consent of the Interim Lender;
- (d) the filing of any pleading by the Borrower seeking any of the matters set forth in clause (c) above or failure of the Borrower to diligently oppose any party that brings an application or motion for the relief set out in paragraph (c) above and/or fails to secure the dismissal of such motion or application within thirty (30) days from the date such application or motion is brought;
- (e) failure of the Borrower to comply with any negative covenants in this Interim Financing Term Sheet, which default has not been remedied or cured within five (5) Business Days;
- (f) a Restructuring Court Order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions (financial or otherwise), of the Borrower, that will in the Interim Lender's judgment, acting reasonably, materially further impair the Borrower's financial condition or ability to comply with its obligations under this Interim Financing Term Sheet, any other Interim Financing Credit Documentation, or any Restructuring Court Order or carry out a Plan or Restructuring Option reasonably acceptable to the Interim Lender, including but not limited to an applicable energy regulator's refusal to transfer licenses in accordance with a Sale Process (a "**Material Adverse Change**");
- (g) the Cash Flow Budget or any update thereof contemplates or forecasts an adverse change or changes from the then existing Cash Flow Budget and such change(s) constitute a Material Adverse Change, or any updated Cash Flow Budget forecasts that borrowings under the Interim Facility will exceed the Maximum Amount at any time (unless and until the Interim Lender consents to increase the Maximum Amount, which shall be in the Interim Lender's sole and absolute discretion);

- (h) any representation or warranty by the Borrower herein or in any Interim Financing Credit Documentation shall be incorrect or misleading in any material respect when made;
- (i) borrowings under the Interim Facility exceed the Maximum Amount at any time without the prior consent of the Interim Lender;
- (k) material violation or breach of any Restructuring Court Order upon receipt by the Borrower of notice from the Interim Lender of such violation or breach;
- (l) an event of default has occurred under any of the Interim Financing Credit Documentation, which default has not been remedied or cured in accordance with the terms thereof;
- (m) any proceeding, motion or application is commenced or filed by the Borrower, or if commenced by another party, supported or otherwise consented to by the Borrower, seeking the invalidation, subordination or otherwise challenging of the terms of the Interim Facility, the Interim Lender Charge, this Interim Financing Term Sheet, or any of the other Interim Financing Credit Documentation or, unless the Plan or Restructuring Option provides for repayment in full of the Interim Facility, the approval of any Plan or Restructuring Option which does not have the prior written consent of the Interim Lender;
- (n) any Plan is proposed or any Restructuring Option is consummated by the Borrower that contravenes any provision of this Interim Financing Term Sheet or other Interim Financing Credit Documentation, unless the Interim Lender has consented thereto;
- (o) if the Borrower pays or agrees to pay any of the legal, consulting or other professional fees and/or disbursements incurred by any other party in the CCAA Proceedings without the prior consent of the Interim Lender, other than the Interim Financing Fees and Expenses and the professional fees and disbursements of the beneficiaries to the Administration Charge or the Directors' Charge;
- (p) failure of the Borrower to perform or comply with any other term or covenant under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation, and such default shall continue unremedied for a period of five (5) Business Days;



- (q) if the priority of the Interim Lender Charge set out in the Interim Lender Order is varied without the consent of the Interim Lender; or
- (r) if the Borrower commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender or any affiliate thereof.

25. **Remedies:**

Upon the occurrence of an Event of Default that is continuing, and subject to the Restructuring Court Orders, the Interim Lender may, in its sole discretion, elect to terminate the Interim Lender's commitments to make Advances to the Borrower hereunder and declare the obligations in respect of the Interim Financing Credit Documentation to be immediately due and payable and cease making any further Advances. Without limiting the foregoing remedies, upon the occurrence of an Event of Default that is continuing, the Interim Lender may, in its sole discretion, elect to permanently reduce the Maximum Amount. In addition, upon the occurrence of an Event of Default that is continuing, the Interim Lender may, in its sole discretion, subject to any Restructuring Court Order:

- (a) apply to a court for the appointment of a receiver or a receiver and manager over any of the Collateral, or for the appointment of a trustee in bankruptcy of the Borrower;
- (b) set-off or combine any amounts then owing by the Interim Lender to the Borrower against the obligations of the Borrower to the Interim Lender hereunder;
- (c) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Alberta) or any legislation of similar effect; and
- (d) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the Interim Financing Credit Documentation, the Restructuring Court Orders and applicable law.

26. **Taxes:**

All payments by the Borrower under this Interim Financing Term Sheet and the other Interim Financing Credit Documentation to the Interim Lender, including any payments required to be made from and after the exercise of any remedies available to the Interim Lender upon an Event of Default that is continuing, shall be made free and clear of and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision or any country (collectively "**Taxes**"); provided, however, that if any Taxes are required by applicable law to be withheld ("**Withholding Taxes**")

from any amount payable to the Interim Lender under any Interim Financing Credit Documentation, the amount so payable to the Interim Lender shall be increased to the extent necessary to yield to the Interim Lender on a net basis after payment of all Withholding Taxes the amount payable under such Interim Financing Credit Documentation at the rate or in the amount specified in such Interim Financing Credit Documentation, and the Borrower shall provide evidence satisfactory to the Interim Lender that the Taxes have been so withheld and remedied.

27. **Further Assurances:** The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Interim Lender may reasonably request for the purpose of giving effect to this Interim Financing Term Sheet.
28. **Amendments, Waivers, Etc.:** No amendment of any provision of the Interim Financing Term Sheet shall be effective unless agreed to by the Borrower and the Agent, with the consent of the Interim Lenders and, in the case of any material amendment, the Monitor.
- No waiver or delay on the part of the Interim Lender in exercising any right or privilege hereunder or under any other Interim Financing Credit Documentation will operate as a waiver hereof or thereof unless made in writing by the Interim Lender and delivered in accordance with the terms of this Interim Financing Term Sheet or the other applicable Interim Financing Credit Documentation and then such waiver shall be effective only in the specific instance and for the specific purpose given.
29. **Entire Agreement Conflict:** This Interim Financing Term Sheet, including the schedules hereto and the Interim Financing Credit Documentation, constitute the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Interim Financing Term Sheet and any of the other Interim financing Credit Documentation, this Interim Financing Term Sheet shall govern.
30. **Assignment:** The Interim Lenders or any one of them may assign this Interim Financing Term Sheet or their interest in this Interim Financing Term Sheet, as the case may be, and their respective rights and obligations hereunder, in whole or in part, or grant a participation in its rights hereunder, at any time. Neither this Interim Financing Term Sheet nor any right hereunder may be assigned by the Borrower.
31. **Severability:** Any provision in this Interim Financing Term Sheet or any other Interim Financing Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability

without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

32. **No Third Party Beneficiary:** No person, other than the Borrower and the Interim Lender, is entitled to rely upon this Interim Financing Term Sheet and the parties expressly agree that this Interim Financing Term Sheet does not confer rights upon any party not a signatory hereto.
33. **Counterpart and Facsimile Signatures:** This Interim Financing Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.
34. **Notices:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the Interim Lender, to:

**Randy Eresman**

1701, 1234 5<sup>th</sup> Avenue NW  
Calgary AB, T2N 0R9

Tel: (403) 966-8016  
Email: reresman@gmail.com

In the case of the Borrower to:

**Bow River Energy Ltd.**

500, 321 6<sup>th</sup> Avenue SW  
Calgary AB, T2P 3H3

Attention: Daniel Belot  
Fax: (403) 475-4101  
Email: danielbelot@bowriverenergy.com

In either case, with a copy to the Monitor:

**BDO Canada Limited**

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

Attention: Marc Kelly  
Tel: 403-777-9999  
Email: makelly@bdo.ca

Any such notice shall be deemed to be given and received when received, unless received after 5:00 Mountain Time or on a day other

than a Business Day, in which case the notice shall be deemed to be received the next Business Day

35. **Security Valid  
Irrespective of Time of  
Advance:**

All rights, agreements, and obligations of the Borrower and the Interim Lender and the granting of, and the priorities of, the Interim Lender Charge and the obligations owing under the Interim Facility, will remain in full force and effect irrespective of the time of any loan or advance made to the Borrower by the Interim Lender, including whether advanced before or after or at the same time as the creation of the security interests or before or after or at the same time as the date of execution of this Interim Financing Term Sheet.

36. **Governing Law and  
Jurisdiction:**

This Interim Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender to enforce this Interim Financing Term Sheet in any other proper jurisdiction, the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of Alberta, and further acknowledges and agrees that any disputes arising in respect of the Interim Financing Credit Documentation shall be heard by the Court.


**IN WITNESS HEREOF**, the parties hereby execute this Interim Financing Term Sheet as at the date first above mentioned.

**Interim Lender:**

**Borrower:**

**2270943 ALBERTA LTD.**

**BOW RIVER ENERGY LTD.**

Per:   
Name: Randy Eresman  
Title: President

Per: \_\_\_\_\_  
Name: Dan Belot  
Title: Vice President Finance & CFO

I have authority to bind the corporation

I have authority to bind the corporation

**IN WITNESS HEREOF**, the parties hereby execute this Interim Financing Term Sheet as at the date first above mentioned.

**Interim Lender:**

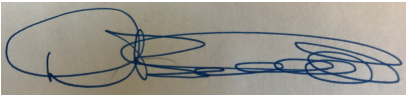
**2270943 ALBERTA LTD.**

Per: \_\_\_\_\_  
Name: Randy Eresman  
Title: President

I have authority to bind the corporation

**Borrower:**

**BOW RIVER ENERGY LTD.**

Per:  \_\_\_\_\_  
Name: Dan Belot  
Title: Vice President Finance & CFO

I have authority to bind the corporation

## SCHEDULE "A"

### DEFINED TERMS

"**Administration Charge**" means the administration charge granted in the Amended and Restated Initial Order, as may be amended.

"**Advance**" and "**Advances**" has the meanings given thereto in Section 6.

"**Advance Request**" has the meaning given thereto in Section 8.

"**Amended and Restated Initial Order**" has the meaning given thereto in the Recitals.

"**Business Day**" means any day other than a Saturday, Sunday or any other day in which banks in Calgary, Alberta are not open for business.

"**Cash Flow Budget**" means a 13-week cash flow budget of expected weekly receipts and all of the operating and capital expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Cash Flow Budget, prepared by the Borrower with the assistance of the Monitor, which is attached as Schedule "B" to this Interim Financing Term Sheet, together with any subsequent detailed cash flow budget prepared by the Borrower, with the assistance of the Monitor, and submitted by the Borrower to the Interim Lender and approved by the Interim Lender.

"**CCAA**" has the meaning given thereto in the Recitals.

"**CCAA Proceedings**" has the meaning given thereto in the Recitals.

"**Claims**" has the meaning given thereto in Section 23.

"**Collateral**" means all now owned or hereafter acquired property and assets of the Borrower, real and personal, tangible or intangible.

"**Court**" has the meaning given thereto in the Recitals.

"**Default**" means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

"**Directors' Charge**" means the directors' charge granted in the Amended and Restated Initial Order, as may be amended.

"**Event of Default**" has the meaning given thereto in Section 24.

"**Funding Conditions**" has the meaning given thereto in Section 10.

"**Governmental Entity**" means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

"**Indemnified Persons**" has the meaning given thereto in Section 23.

"**Initial Order**" has the meaning given thereto in the Recitals.

"**Interim Facility**" has the meaning given thereto in Section 5.

"**Interim Financing Credit Documentation**" means this Interim Financing Term Sheet, any other documentation in respect of the Interim Facility that is requested by the Interim Lender (which shall be in form and substance satisfactory to the Interim Lender), including the Interim Financing Security.

"**Interim Financing Fees and Expenses**" has the meaning given thereto in Section 15.

"**Interim Financing Obligations**" has the meaning given thereto in Section 9(a).

"**Interim Financing Security**" has the meaning given thereto in Section 16.

"**Interim Lender**" has the meaning given thereto in Section 2.

"**Interim Lender Charge**" has the meaning given thereto in Section 9(a).

"**Interim Lender Order**" has the meaning given thereto in Section 9(a).

"**Liens**" means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever granted by the Borrower against the Collateral.

"**Material Adverse Change**" has the meaning given thereto in Section 24(f).

"**Maturity Date**" has the meaning given thereto in Section 11.

"**Maximum Amount**" has the meaning given thereto in Section 5.

"**Monitor**" has the meaning given thereto in Section 19.

"**Permitted Liens**" means (i) the Interim Lender Charge and the Interim Financing Security; (ii) any charges created under the Amended and Restated Initial Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender in its discretion; (iii) validly perfected Liens existing prior to the date hereof; and (iv) inchoate statutory Liens arising after the date of the Initial Order in respect of any accounts payable arising after the date of the Initial Order in the ordinary course of business, subject to the obligation to pay all such amounts as and when due.

"**Plan**" has the meaning given thereto in Section 11.

"**Restructuring Court Order**" and "**Restructuring Court Order**" have the meanings given thereto in Section 10(b).

"**Restructuring Option**" means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower (or the equity interests of the Borrower) or any other restructuring of the Borrower's business and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

"**Sale Process**" means a sales process in respect of substantially all of the Borrower's assets.

"**Taxes**" has the meaning given thereto in Section 26.



**"Withholding Taxes"** has the meaning given thereto in Section 26.

**SCHEDULE "B"**

**CASH FLOW BUDGET**

*See attached.*

**BOW RIVER ENERGY LTD.**  
**Cash Flow Forecast**  
**Prepared by Management on July 13, 2020 - UNAUDITED**  
**SCAD**

	Note(s)	FORECAST FOR WEEK ENDING:														Total
		17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	
<b>Opening cash</b>		2,389,641	1,769,227	1,260,227	1,671,461	1,425,762	660,089	535,692	1,528,587	1,152,913	609,313	370,737	1,140,817	814,839	777,839	2,389,641
<b>Cash Inflows</b>																
Gross oil and gas sales	1	-	-	708,842	-	-	-	1,215,808	-	-	-	1,213,080	-	-	-	3,137,730
Receivables/Other	2	20,000	-	-	-	20,000	-	-	-	-	-	-	-	-	-	40,000
<b>Total Cash Inflows</b>		20,000	-	708,842	-	20,000	-	1,215,808	-	-	-	1,213,080	-	-	-	3,177,730
<b>Cash Outflows</b>																
<b>Operating Disbursements:</b>																
Operating	3, 13	377,637	400,000	248,206	185,000	542,625	-	173,206	230,000	393,000	(22,397)	313,000	230,303	-	626,038	3,696,619
Transportation	4	-	25,000	-	25,000	-	25,000	-	25,000	-	25,000	-	-	25,000	-	150,000
Royalties	5	-	-	-	-	71,449	-	-	-	-	-	99,169	-	-	-	97,265
Leases	6	104,738	-	-	-	-	88,897	-	-	-	100,200	-	-	-	111,641	405,476
G&A	7, 13	94,491	6,500	68,182	35,699	87,600	6,500	18,206	110,675	87,600	(15,897)	63,000	85,675	12,000	82,100	742,331
Capital	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	9	-	4,000	178,220	-	-	4,000	-	10,000	-	-	4,000	10,000	-	-	210,220
<b>Financing Disbursements:</b>																
Debentures	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim financing	11	-	(260,000)	-	-	-	-	-	-	-	-	-	-	-	(450,000)	(710,000)
<b>Restructuring Costs:</b>																
Professional fees	12	63,548	73,500	63,000	-	84,000	-	31,500	-	63,000	52,500	63,000	-	-	-	494,048
Sales process		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>		640,413	509,000	297,608	245,699	785,674	124,397	222,913	375,675	543,600	238,575	443,000	325,978	37,000	467,044	5,256,576
<b>Net Cash Flow</b>		(620,413)	(509,000)	411,234	(245,699)	(765,674)	(124,397)	992,895	(375,675)	(543,600)	(238,575)	770,080	(325,978)	(37,000)	(467,044)	(2,078,845)
<b>Ending cash</b>		1,769,227	1,260,227	1,671,461	1,425,762	660,089	535,692	1,528,587	1,152,913	609,313	370,737	1,140,817	814,839	777,839	310,795	310,795

**BOW RIVER ENERGY LTD.**

Per: Daniel Belot  
 VP Finance and CFO

July \_\_\_\_\_, 2020  
 CALGARY, ALBERTA

**FORECAST CASH FLOW ASSUMPTIONS:**

**General Note:**

Management of Bow River Energy Ltd. have prepared this forecasted cash flow statement based on probable and hypothetical assumptions as detailed in notes 1-13 below. The forecast has been prepared solely for the purpose of the Company's CCAA filing. As such, readers are cautioned that it may not be appropriate for other purposes and may not match presentation in the Company's financial statements.

**Notes:**

- Oil and natural gas sales are estimated based on prior month's volumes less anticipated production declines and strip/hedged prices as at the time of filing. Monthly cash receipts relate to production volumes and sales from the prior month. In June and July certain revenues owing from Husky Energy were netted from amounts owed to Husky and the cash was not received, resulting in reduced revenues. BRE and Husky have since entered into a settlement agreement, such that there will be no such set-off in future months.
- Receivables are primarily from joint interest billings receivables. BRE has one primary partner in its Saskatchewan and Amisk, Alberta areas. That partner currently owes approximately \$1.1 million in current JIBs and we anticipate it will be billed approximately \$100-\$200 thousand per month going forward to cover monthly operating costs as they take in kind. However, the partner did not pay in June due to timing of JIB inquiries that included concern over non-payment of lease rentals pre-stay by BRE therefore to be conservative we have reduced our estimated cash inflow to nil.
- Operating costs are broken out in Schedule A to this forecast, and are gross payments including the share that will be billed to partners. Estimates are based on historical expenses and projected production levels. Forecast timing assumes certain vendors continue to withhold credit and require cash-on-delivery payment terms.
- Transportation costs relate to costs to transport products to sales points and are forecast based on average historical costs. BRE does not have any fixed transportation contracts.
- Royalties are comprised of Crown and Freehold royalties, GORRs, and Gas Cost Allowance rebates based on historical results being approximately 8% of oil and natural gas sales.
- Annual mineral and surface lease payments which will become due during the forecast period, excluding certain lease payments becoming due in relation to shut-in properties and which lease payments are being deferred pending the outcome of the SISP.
- General and administrative cost forecasts are broken out in Schedule B to this forecast.
- No capital expenditures planned at this time.
- The Company files GST and PST returns on a monthly basis. This reflects the Company's conservative estimate of potential net GST and PST owing. This includes certain payments made to Husky Energy in respect of the settlement agreement mentioned in Note 1.
- Debenture payments of principal and interest were suspended in April 2020 and are expected to be stayed during the CCAA process.
- BRE has obtained an agreement from a debenture holder for Interim financing of \$1.1 million at a 9% per annum interest rate based on its forecast of cash needs to completion of the proposed sale process. The facility is forecast to be drawn on as necessary to maintain \$300 thousand cash balance for any unanticipated variance in the forecast as no additional funds are available to the Company. A portion of which is anticipated to be drawn in the month following the forecast period.
- Restructuring costs consist of and monthly payments for professional fees to be incurred as part of the CCAA process. This includes payments to the Company's legal counsel and the Monitor and its legal counsel, and is based on updated estimates from those professionals
- The Company has received three months of the Canadian Emergency Wage Subsidy (CEWS) and will continue to apply. The Company has allocated a portion as a credit to field salaries and a portion as a credit to G&A. An estimate of future claims and timing of payments has been included to the end of August. The Prime Minister announced an extension to the end of December 2020 but the revised criteria have not been released therefore to be conservative no additional credits have been estimated at this time.

**BOW RIVER ENERGY LTD.**

**Cash Flow Forecast - SCHEDULE A - OPEX**

Prepared by Management on July 13, 2020 - UNAUDITED

\$CAD

	Note	FORECAST FOR WEEK ENDING:														Total
		17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	
<b>OPEX</b>																
Field Payroll	1	75,445	-	48,206	-	93,000	-	48,206	-	93,000	(22,397)	93,000	-	-	93,000	521,461
Electricity	2	-	400,000	-	-	300,000	-	-	-	300,000	-	-	-	-	300,000	1,300,000
Vehicle leases	3	-	-	-	30,000	-	-	-	30,000	-	-	-	30,000	-	-	90,000
Field Expense	4	302,192	-	200,000	155,000	149,625	-	125,000	200,000	-	-	220,000	200,303	-	233,038	1,785,158
<b>Total OPEX</b>		<b>377,637</b>	<b>400,000</b>	<b>248,206</b>	<b>185,000</b>	<b>542,625</b>	<b>-</b>	<b>173,206</b>	<b>230,000</b>	<b>393,000</b>	<b>(22,397)</b>	<b>313,000</b>	<b>230,303</b>	<b>-</b>	<b>626,038</b>	<b>3,696,619</b>

**Notes:**

- 1 - Field payroll includes field employees and contractors' wages and benefits net of forecasted Canadian Emergency Wage Subsidy benefit receipts.
- 2 - Shortly prior to the Filing Date, BRE switched electricity providers to Epcor. The Company has not yet received an invoice from Epcor, so monthly charges are estimates based on forecasted usage and anticipated rates. On June 22, 2020 Epcor advised BRE that it required immediate payment of a deposit of \$400,000 (which BRE paid) and it would be further reviewing the deposit requirements, such that an additional deposit may be requested. The forecast payments include deposits but assumes that such additional deposit will amount to no more than \$100k
- 3 - Vehicle leases include monthly rental, maintenance and fuel charges for Company trucks.
- 4 - Field expenses include all other costs to operate and maintain oil and gas operations. Field expenses have been estimated based on a detailed review of historical expenses, adjusted for shut in production and reduced activity due to the current pricing environment.

**BOW RIVER ENERGY LTD.**

**Cash Flow Forecast - SCHEDULE B - G&A**

Prepared by Management on July 13, 2020 - UNAUDITED

\$CAD

	Note	FORECAST FOR WEEK ENDING:														Total
		17-Jul-20	24-Jul-20	31-Jul-20	07-Aug-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20	11-Sep-20	18-Sep-20	25-Sep-20	02-Oct-20	09-Oct-20	16-Oct-20	
<b>G&amp;A</b>																
Rent	1	-	-	13,516	-	-	-	-	13,516	-	-	-	13,516	-	-	40,547
Payroll & Benefits	2	77,067	6,500	18,206	6,500	75,600	6,500	18,206	6,500	75,600	(15,897)	63,000	6,500	-	82,100	426,383
Software and IT Support	3	15,171	-	26,310	4,646	12,000	-	-	17,956	12,000	-	-	17,956	12,000	-	118,040
Professional Fees	4	-	-	-	-	-	-	-	25,000	-	-	-	-	-	-	25,000
Other	5	2,252	-	10,150	24,553	-	-	-	47,703	-	-	-	47,703	-	-	132,361
<b>Total G&amp;A</b>		<b>94,491</b>	<b>6,500</b>	<b>68,182</b>	<b>35,699</b>	<b>87,600</b>	<b>6,500</b>	<b>18,206</b>	<b>110,675</b>	<b>87,600</b>	<b>(15,897)</b>	<b>63,000</b>	<b>85,675</b>	<b>12,000</b>	<b>82,100</b>	<b>742,331</b>

**Notes:**

- 1 - Rent includes offices in Calgary, AB and Provost, AB.
- 2 - Payroll includes office employees and contractors' wages and benefits net of forecasted Canadian Emergency Wage Subsidy benefit receipts.
- 3 - Software and IT support costs include fees for various software applications used in accounting, geology, land and engineering and 3rd party IT support.
- 4 - Professional fees include legal and accounting fees not directly related to the CCAA process such as annual income tax return preparation.
- 5 - Other includes insurance, office supplies, telephone, courier, postage, etc.

**SCHEDULE "C"**

**FORM OF ADVANCE REQUEST**

Date: \_\_\_\_\_

**2270943 ALBERTA LTD.**  
**C/O RANDY ERESMAN**  
1701, 1234 5<sup>th</sup> Avenue NW  
Calgary AB, T2N 0R9

Dear Sir:

We refer to the Interim Financing Term Sheet dated July 17, 2020 between Bow River Energy Ltd., as borrower, and 2270943 Alberta Ltd., as lender (as the same may be amended, renewed, extended, modified and/or restated from time to time, the "**Loan Agreement**"). Capitalized terms used herein have the same meaning as in the Loan Agreement. The undersigned is an officer of the Borrower and is authorized to make and deliver this notice on behalf of the Borrower pursuant to the Loan Agreement.

1. We hereby give notice of our request for an Advance pursuant to Section 10 of the Loan Agreement particulars of which are as follows:
  - (a) Drawdown Date: \_\_\_\_\_
  - (b) Amount: \_\_\_\_\_
  - (c) Payment Instructions (if any): \_\_\_\_\_
2. The undersigned hereby certifies that:
  - (a) the Advance requested by this Advance Request is consistent with the Cash Flow Budget and is within the Maximum Amount;
  - (b) the Borrower is in compliance with the Interim Financing Credit Documentation and all Restructuring Court Orders; and
  - (c) each of the Amended and Restated Initial Order and the Interim Lender Order are in full force and effect and have not been reversed, modified, stayed or amended.
3. All of the representations and warranties of the Borrower deemed to be made by the Borrower pursuant to the Interim Financing Credit Documentation are true and accurate in all material respects on the date hereof.
4. There exists no Default or Event of Default on the date hereof and no Default or Event of Default will occur as a result of the Advance requested by this Advance Request.
5. No Material Adverse Change has occurred since the date of the issuance of the Interim Lender Order.

6. No Liens rank in priority to the Interim Lender Charge, other than the Administration Charge.

Yours very truly,

**BOW RIVER ENERGY LTD.**, as Borrower

Per: \_\_\_\_\_

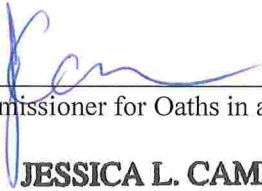
Name:

Title:

**CONFIDENTIAL SCHEDULE "D"  
FORM OF SETTLEMENT AGREEMENT**



This is Exhibit "D" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



---

A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public



June 8, 2020

**Bow River Energy Ltd.**  
500, 321 – 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3H3

Attention: **Ms. Kellie D'Hondt**  
**Director, Land**

Dear Kellie:

RE: **Bow River Energy Ltd.**  
**Property Divestiture**  
**Engagement Agreement**

---

We understand that Bow River Energy Ltd. ("Bow River" or the "Company") wishes to retain Sayer Energy Advisors ("Sayer", "we" or "us") to act as exclusive financial advisor and agent with respect to the sale in whole or in part (the "Transaction(s)") of all of the oil and natural gas assets held by Bow River (the "Properties"), as further described in the information brochure to be distributed by Sayer as part of this engagement. We further understand that the Company has commenced proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985 c C-36, as amended (the "CCAA") and that an initial order was granted on June 1, 2020 (the "Initial Order") by the Alberta Court of Queen's Bench (the "Court") with respect to the Company. The purpose of this letter is to outline the services to be performed by Sayer in relation to a sale and investment solicitation process ("SISP") to be undertaken by the Company in its CCAA proceedings, and the basis of Sayer's compensation in relation thereto.

Sayer will provide assistance to Bow River in:

- a) reviewing, compiling and analyzing all available information regarding the Properties and assist with preparing an information summary and an informal evaluation summary;
- b) identifying and contacting parties that might have an interest in the Properties (the "Candidates");
- c) coordinating the execution of confidentiality agreements between the Company and potential Candidates;
- d) providing information on the Properties to the Candidates;
- e) providing information on the Candidates to Bow River;
- f) dealing with inquiries from Candidates and assist in any negotiations if required;
- g) evaluating offers submitted to Bow River with respect to the Transaction(s);
- h) presenting or discussing the proposed sale of the Properties with Bow River's senior management; and/or
- i) assisting in the closing of the Transaction(s).



We agree to act as Bow River's financial advisor and agent with respect to the sale of the Properties and will use our best efforts to accomplish the Transaction(s) on terms favourable to the Company. Throughout this process, Sayer will keep Bow River fully informed of its activities on the Company's behalf through written and/or verbal reports, and Bow River will keep Sayer fully informed regarding its contacts with Candidates.

The Company will provide Sayer with such information as it may reasonably require to fulfill this assignment. Both parties agree that, during the continuance of the mandate of Sayer, they will treat all documents and information relating to this assignment as strictly confidential. This agreement may under no circumstances be transferred or assigned by the Company or Sayer.

It is understood that the Company is under no obligation or duty to complete any Transaction(s). It is further understood that Sayer provides financial advice and conducts merger and acquisition services for clients other than Bow River and shall continue to provide these services to other parties, provided they do not conflict with the mandate accepted pursuant to this agreement.

Subject to the approval of this engagement agreement by the Court, the term of this agreement shall commence on June 8, 2020 and continue until December 31, 2020, subject to extension thereafter by written agreement of the parties hereto or termination by the Company (the "Term"). The Company shall have the right to terminate this engagement agreement by way of written notice provided to Sayer at any time and for any reason, subject to payment of any fees that are outstanding as at the termination date.

The Company agrees to pay Sayer [REDACTED] plus Goods and Services Tax ("GST") ("Work Fee") upon signing of this engagement agreement, at which time we will begin preparations for the commencement of the public marketing of the Properties. The Work Fee includes all costs associated with this engagement, including all printing and mailing costs, with the exception of the costs specified later in this agreement.

Upon closing of the Transaction(s), the Company agrees to pay Sayer [REDACTED] of the value received by the Company as a result of the Transaction(s) ("Success Fee").

In the event that Bow River completes a stalking horse bid with its Debenture holders ("Stalking Horse Bid") the fee will be based on the following ("Stalking Horse Success Fee"):

- [REDACTED]
- [REDACTED]
- [REDACTED]

In the event the Company completes both a Stalking Horse Bid and additional Transaction(s), then both the applicable Stalking Horse Success Fee, plus [REDACTED] with respect to those additional Transaction(s) will be payable by the Company to Sayer.

We understand that all Transaction(s), including the Stalking Horse bid, are subject to Court approval. The Success Fee is to be paid in cash upon closing of the Transaction(s).

The Success Fee is to be paid if any Transaction(s) are closed within the term of this agreement or if any Transaction(s) are closed within twelve (12) months following the term of this agreement provided that Sayer was the effective cause of any Transaction(s) entered into after the expiry of the Term. The Success Fee is to be calculated as a percentage of the value received by the Company for the Transaction(s), and is to be based on the fair market value of the consideration paid (the "Value").

For greater certainty, the Value is to be defined as the cash price to be paid to the Company as a result of the Transaction(s), and/or the value of the securities or properties offered to the Company as a result of the Transaction(s), based on, in the case of a publicly traded company, the weighted average closing market price of such securities for the 20 trading days prior to acceptance of the proposal.

With respect to other forms of consideration accepted in the Transaction(s), the Value shall be the fair market value of the consideration received by the Company for the Transaction(s). Sayer will receive a copy of the closing documentation of the Transaction(s) and will have the right to cause an audit to be made of the books of account and records kept by the Company for the calculation of the Success Fee, with the cost of such audit to be borne by Sayer.

The Company agrees to pay all third party charges relating to use of a seismic work station to present the Company's seismic to prospective purchasers, if applicable.

GST will be in addition to all other charges.

The Company agrees to apply for an order from the Court which approves the within engagement letter and further which provides that Sayer, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Company as sales advisor or any matter referred to in this engagement letter, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of Sayer in performing its obligations under this engagement letter.

If we perform other services for Bow River in connection with this engagement (other than those specifically contemplated hereunder), it is agreed that we will be able to negotiate additional fees on mutually satisfactory terms on a specific service basis, depending on the nature of the services to be provided. Such other services will be agreed to in a separate letter agreement between the parties.

We will have the right to publicize our role in the Transaction(s), such publicity being subject to the Company's prior approval.

Notices shall be served to the parties at their respective addresses given in this agreement, shall be sent by prepaid registered mail and shall be deemed to be received by the addressees on the third business day thereafter. Notices may also be given by facsimile and shall be deemed to be received upon confirmation of receipt.

This agreement and the relationship between the parties hereto shall be construed and determined according to the laws of the Province of Alberta and each party hereto does attorn to the jurisdiction of the courts of the Province of Alberta with respect to any matter arising out of this agreement.

This agreement is subject to Court approval.

If the foregoing accurately sets forth the terms of our agreement, please acknowledge your acceptance by signing the enclosed duplicate of this letter where indicated and return the same to us.

Yours truly,

**SAYER ENERGY ADVISORS**

A division of Sayer Securities Limited



Tom Pavic, CFA  
President

**AGREED TO AND ACCEPTED THIS 8th DAY OF JUNE 2020**

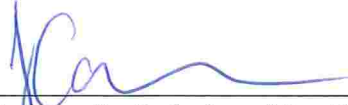
**BOW RIVER ENERGY LTD.**



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Kellie D'Hondt  
Director, Land

This is Exhibit "E" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

## ASSET PURCHASE AGREEMENT

THIS AGREEMENT made as of the 17<sup>th</sup> day of July, 2020.

### BETWEEN:

**BOW RIVER ENERGY LTD.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as “**Vendor**”)

- and -

**2270943 ALBERTA LTD.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as “**Purchaser**”)

**WHEREAS** pursuant to an order of the Honourable Madam Justice A.D. Grosse of the Alberta Court of Queen’s Bench (the “**Court**”) dated June 1, 2020 (as amended and restated June 10, 2020) under Court Action Number 2001-06997 (the “**CCAA Order**”), Vendor was granted relief under the provisions of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and, *inter alia*, BDO Canada Limited was appointed as monitor (the “**Monitor**”) of Vendor under the CCAA Proceedings;

**AND WHEREAS** Vendor has determined that it is in the best interests of the creditors and stakeholders of Vendor to conduct Sale Process Procedures pursuant to which potential bidders may submit bids to purchase the Assets;

**AND WHEREAS** Purchaser, subject to Court approval, completion of the Sale Process Procedures, and determination by Vendor that none of the aforesaid bids made by Third Parties other than Purchaser pursuant to the Sale Process Procedures constitutes a Superior Offer resulting in a Successful Bid, has agreed to make a “stalking horse bid” to purchase and acquire and Vendor has agreed to sell, transfer and assign to Purchaser, all of the right, title and interest of Vendor in the Assets, on the terms and conditions set forth herein;

**NOW THEREFORE, THIS AGREEMENT WITNESSETH** that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Abandonment and Reclamation Obligations**” means all past, present and future obligations to:
  - (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings,

pipelines, equipment and other facilities located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith; and

- (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells, Tangibles, the Lands, lands pooled or unitized therewith, and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned, decommissioned or have reclamation orders prior to the Closing Time that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and subsurface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles,
  - (iii) all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;
- (b) “**Administration Charge**” means the charge created by the CCAA Order that ranks in priority to the security securing the Debt as contemplated in the Sale Process Procedures;
  - (c) “**Affiliate**” means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term “**control**” as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
  - (d) “**Agreement**” means this asset purchase agreement between Vendor and Purchaser, including all recitals and schedules attached hereto, and “**this Agreement**”, “**herein**”, “**hereto**”, “**hereof**” and similar expressions mean and refer to this Agreement;
  - (e) “**Applicable Law**” means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, licence or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
  - (f) “**Assets**” means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests, but excludes the Excluded Assets;



- (g) “**Assumed Contracts**” means all Contracts and other legally binding commitments or arrangements of Vendor relating directly or indirectly to the Assets, including but without limitation, the Title Documents and the Contracts as more particularly listed and described in Schedule “J”;
- (h) “**Assumed Liabilities**” has the meaning ascribed to that term in Section 2.5(a);
- (i) “**Break Fee**” has the meaning set out in Section 2.6(e);
- (j) “**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (k) “**CCAA**” has the meaning set out in the recitals;
- (l) “**CCAA Order**” has the meaning set out in the recitals;
- (m) “**CCAA Proceedings**” means the court proceedings brought in the Alberta Court, pursuant to Alberta Court Action No. 2001-06997, pursuant to which Vendor will be pursuing a restructuring of its affairs;
- (n) “**Claim**” means any right or claim of any person that may be asserted or made, in whole or in part, against Vendor and/or its directors, officers, employees, agents or advisors, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future;
- (o) “**Closing**” means the transfer of possession, legal and beneficial ownership and risks of the Assets from Vendor to Purchaser and payment of the Purchase Price by Purchaser to Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto, including delivery of the Specific Conveyances if applicable;
- (p) “**Closing Date**” means three (3) Business Days following the later of: (i) the grant of the Vesting Order; and (ii) the expiration, waiver or exercise of all Preferential Purchase Rights, unless otherwise agreed upon in writing by the Parties;

- (q) “**Closing Place**” means the office of Vendor, or such other place as may be agreed upon in writing by the Parties;
- (r) “**Closing Statement of Adjustments**” has the meaning set out in Section 7.2;
- (s) “**Closing Time**” means 9:00 am on the Closing Date, or such other time as is agreed to between the Parties;
- (t) “**Contracts**” means all contracts, agreements, leases, understandings and arrangements (whether oral or written) related directly or indirectly to the Assets to which Vendor is a party or by which Vendor or any of the Assets is bound or under which Vendor has rights;
- (u) “**Court**” has the meaning set out in the recitals;
- (v) “**Data Room Information**” means all information provided or made available (by the Vendor or otherwise) for Purchaser’s review in electronic or hard copy form in relation to Vendor and/or the Assets;
- (w) “**Date of Appointment**” means June 1, 2020;
- (x) “**Debentures**” means the secured subordinated debentures issued by the Vendor on: (i) May 15, 2017, accruing interest at a rate of 16%; (ii) May 30, 2018, accruing interest at a rate of 15%; and (iii) May 31, 2018 and July 19, 2018, accruing interest at a rate of 15%, respectively;
- (y) “**Debt**” means all secured debt of Vendor owing to Purchaser pursuant to the Debentures;
- (z) “**Debt Security**” means the security which secures the Debt, being comprised of the security granted by the Debentures;
- (aa) “**Deposit**” has the meaning as defined in Section 2.11;
- (bb) “**Effective Date**” means the Closing Date;
- (cc) “**Effective Time**” means 12:01 a.m. on the Effective Date;
- (dd) “**Environment**” and “**Environmental**” means the components of the earth and includes ambient air, land, surface and subsurface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components, and any derivative thereof shall have a corresponding meaning;
- (ee) “**Environmental Liabilities**” means all past, present and future liabilities, obligations and expenses in respect of the Environment which relate to the Assets (or lands pooled or unitized with Lands which may form part of the Assets), or

which arise in connection with the ownership thereof or operations pertaining thereto, including liabilities related to or arising from:

- (i) transportation, storage, use or disposal of toxic or hazardous substances;
  - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances;
  - (iii) pollution or contamination of or damage to the Environment; or
  - (iv) non-compliance with, violation of or liability under Applicable Laws relating to the Environment,
  - (v) including liabilities to compensate Third Parties for damages and Losses resulting from the items described above (including damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the Environment;
- (ff) **“Excluded Assets”** means:
- (i) any item or thing owned by Third Parties and licenced to Vendor with restrictions on deliverability or disclosure by Vendor that prevent the conveyance of such item or thing to Purchaser;
  - (ii) advances and deposits for operations payable to Governmental Authorities or other Persons prior to the Effective Time to secure obligations or as prepayment of costs or expenses;
  - (iii) legal and title opinions;
  - (iv) documents, other than Title Documents, prepared by or on behalf of Vendor in contemplation of litigation and any other documents within the possession of Vendor which are subject to solicitor-client privilege under the laws of the Province of Alberta or any other jurisdiction;
  - (v) records, policies, manuals and other proprietary, confidential business or technical information not used exclusively in the operation of the Assets;
  - (vi) cash and marketable securities of Vendor;
  - (vii) accounts receivable and credits of any kind from any Person due to Vendor;
  - (viii) Vendor’s choses in action;
  - (ix) except as otherwise specifically provided for herein, any computer software, computer networks and other technology systems of Vendor; and
  - (x) agreements, documents or data to the extent that:

- (A) they pertain to Vendor’s proprietary technology;
  - (B) they pertain to Vendor’s Third Party seismic data (to the extent that there are any restrictions on disclosure or transfer of such agreements, documents or data in the absence of consent or the payment of any fee), with the exception of seismic data that is subject to the Seismic License Agreement, pursuant to which Husky Oil Operations Limited granted to Vendor a non-exclusive, royalty-free, fee-free, perpetual license to use;
  - (C) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Vendor to an assignee; and
  - (D) they comprise Vendor’s tax, corporate or financial records, economic evaluations or forecasts;
- (gg) “**Facilities**” means Vendor’s entire interest in and to all unit facilities under any unit agreement applicable to the Leased Substances and all other field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation (including Pipelines), injection, water disposal, measurement, processing, storage, handling or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, production storage facility or warehouse and including those field facilities specifically identified in Schedule “B”;
- (hh) “**Final Order**” means an order of the Court that has not been vacated, stayed, set aside, amended, reversed, annulled or modified, as to which no appeal or application for leave to appeal therefrom has been filed and the applicable appeal period with respect thereto shall have expired without the filing of any appeal or application for leave to appeal, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of with no further right of appeal and all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion or petition having been filed and remaining pending, any requests for rehearing have been denied, and no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, and all conditions to effectiveness described therein or otherwise by Applicable Law or order having been satisfied;
- (ii) “**Governmental Authority**” means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, commission or department, as well as any government-owned entity, any regulatory authority and any public authority, including any public utility, having jurisdiction over a Party, the Assets or the Transaction;

- (jj) “**GST**” means the goods and services Tax payable pursuant to the GST Legislation;
- (kk) “**GST Legislation**” means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder, all as amended from time to time;
- (ll) “**Income Tax Act**” means, collectively, the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supplement), the *Income Act Application Rules*, R.S.C. 1985, c.2 (5th Supplement) and the *Income Tax Regulations*, in each case as amended to the date hereof;
- (mm) “**Lands**” means all lands set out and described in Schedule “A”, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in Schedule “A” and in the Title Documents as to Petroleum Substances and geological formations);
- (nn) “**Leased Substances**” means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (oo) “**Licence Transfers**” means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations (collectively, “Licences”) granted by any applicable Governmental Authority but subject to the provisions of Sections 8.5;
- (pp) “**Losses**” means any and all assessments, charges, costs, damages, debts, expenses, fines, liabilities, losses, obligation and penalties, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Law, Claim by any Governmental Authority and those arising under any contract, agreement, arrangement, commitment or undertaking and cost and expenses of any legal proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis);
- (qq) “**Miscellaneous Interests**” means, subject to any and all limitations and exclusions provided for in this definition, Vendor’s entire interest in and to all property, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including any and all of the following:
  - (i) all contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
  - (ii) all subsisting rights to carry out operations relating to the Lands or the Tangibles, and without limitation, all easements and other permits, licences and authorizations pertaining to the Tangibles;

- (iii) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them, and all contracts and agreements related thereto;
  - (iv) all records, books, documents, Licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles;
  - (v) all Seismic Data to the extent of Vendor's interest therein; and
  - (vi) the Wells, including the wellbores thereof and any and all casings therein,
  - (vii) but specifically excluding the Excluded Assets;
- (rr) **"Monitor"** has the meaning set out in the recitals;
- (ss) **"Party"** means a party to this Agreement;
- (tt) **"Permitted Encumbrances"** means:
- (i) all encumbrances, overriding and any other royalties, net profits interests and other burdens identified in the Title Documents or in Schedule "A";
  - (ii) any Preferential Purchase Rights or any similar restriction applicable to any of the Assets;
  - (iii) the terms and conditions of the Title Documents, including the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
  - (iv) the right reserved to or vested in any grantor, Governmental Authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
  - (v) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
  - (vi) any obligations to Third Parties for any thirteenth month adjustments or for payments due as a result of any audits conducted by operators or Third Parties;
  - (vii) Taxes on Petroleum Substances or the income or revenue from the Petroleum Substances and requirements imposed by Applicable Law or Governmental Authorities concerning rates of production from the Wells or

from operations on any of the Lands, or otherwise affecting recoverability of Petroleum Substances from the Lands, which Taxes or requirements are generally applicable to the oil and gas industry in the jurisdiction in which the Assets are located;

- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other like cost);
- (ix) any obligation of Vendor to hold any right or interest in and to any of the Assets in trust for Third Parties;
- (x) the right reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any Governmental Authority pertaining to the Assets;
- (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
- (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xiii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
- (xiv) agreements respecting the operation of Wells or Facilities by contract field operators;
- (xv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
- (xvi) liens created in the ordinary course of business in favour of any Governmental Authority with respect to operations pertaining to any of the Assets;
- (uu) **"Person"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (vv) **"Petroleum and Natural Gas Rights"** means Vendor's entire right, title and interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including the interests set out and described in Schedule "A";

- (ww) “**Petroleum Substances**” means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;
- (xx) “**Pipelines**” means the pipelines described in Schedule “B”;
- (yy) “**Preferential Purchase Right**” means any preferential, pre-emptive or first purchase right or agreement that enables any Person to purchase or acquire any Asset or any interest therein or portion thereof as a result of or in connection with the execution or delivery of this Agreement or the consummation of the Transaction, as are set out in Schedule “C”;
- (zz) “**Prime Rate**” means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the Bank of Nova Scotia as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that whenever such bank announces a change in such reference rate the “Prime Rate” shall correspondingly change effective on the date the change in such reference rate is effective;
- (aaa) “**Prior Charges**” means all Claims against Vendor or its assets, undertakings and property that rank in priority to the security securing the Debt as contemplated in the Sale Process Procedures, including all unpaid non-linear municipal property Taxes (together with applicable interest and penalties, if any) in relation to the Assets and whether accruing due before or after the Date of Appointment;
- (bbb) “**Purchase Price**” has the meaning set out in Section 2.2;
- (ccc) “**Representative**” means, with, respect to any Party (and with respect to Vendor includes the Monitor), its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (ddd) “**Sale Process Order**” means the order of the Court to be sought by Vendor, establishing among other things, the Sale Process Procedures, a form of which is attached as Schedule “H”;
- (eee) “**Sale Process Procedures**” means the Court approved procedures for the sales solicitation process in relation to Vendor as described in Section 2.1 and attached as Schedule “G”;
- (fff) “**Sales Taxes**” means all transfer, sales, excise, stamp, licence, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other charges of a Governmental Authority (including additions by way of penalties, interest and other amounts relating to late filings or payments) with respect to the transfer and conveyance to Purchaser of the Assets or the transfer or registration of the Specific Conveyances, but excludes GST, and any income taxes and penalties and interest related thereto;



- (ggg) “**Seismic Data**” means all Field Data, Seismic Data, Seismic Data Derived Product, Processed Seismic Data and Interpretations thereof (each as defined in the Seismic License Agreement), together with all other proprietary field data, seismic data, processed and derived product, and interpretations thereof owned by Vendor;
- (hhh) “**Seismic License Agreement**” means the agreement between Husky Oil Operations Limited and Vendor sated May 16, 2017;
- (iii) “**Specific Conveyances**” means all conveyances, assignments, transfers, novations and such other documents or instruments as are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (jjj) “**Stalking Horse APA**” shall have the meaning ascribed thereto in the Sale Process Procedures;
- (kkk) “**Successful Bid**” shall have the meaning ascribed thereto in the Sale Process Procedures;
- (lll) “**Superior Offer**” shall have the meaning ascribed thereto in the Sale Process Procedures;
- (mmm) “**Tangibles**” means Vendor’s entire right, title, estate and interest in and to:
  - (i) any and all tangible depreciable property, equipment and other assets located within or upon the Lands that are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them (to the extent to which they are assignable or transferable to Purchaser without cost or expense to Vendor), including as set-out in Schedule “B”;
  - (ii) all pipelines, including the Pipelines; and
  - (iii) the Facilities;
- (nnn) “**Tax Legislation**” means, collectively, the Income Tax Act, all Canadian federal, provincial, territorial, county, municipal and local, foreign, or other statutes, ordinances or regulations imposing a Tax, including all treaties, conventions, rules, regulations, orders, and decrees of any jurisdiction;
- (ooo) “**Tax**” or “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any applicable Tax Legislation, including, Canadian federal, provincial, territorial, county, municipal and local, foreign or other income, capital, capital gains, goods and services, sales, use, consumption, excise, value added (including GST, harmonized sales tax and provincial and retail sales taxes), business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, customs, import, anti-dumping or

countervailing duties, Canada Pension Plan contributions, Employment Insurance premiums, and provincial workers' compensation payments, levy, assessment, tariff, impost, imposition, toll and duty, whether computed on a separate, combined, unitary, or consolidated basis or any other manner, including any interest, penalties and fines associated therewith;

- (ppp) **“Third Party”** means any individual or entity other than the Monitor, Vendor and Purchaser, including any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (qqq) **“Title Documents”** means, collectively, any and all certificates of title, leases, reservations, Licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to: (i) explore for, drill for, produce, take, use or market Petroleum Substances; (ii) share in the production of Petroleum Substances; (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced; and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands and this definition shall include, where applicable, those documents set out in Schedule “A”;
- (rrr) **“Transaction”** means the transaction for the purchase and sale of the Assets contemplated by this Agreement;
- (sss) **“Unassigned Contracts”** has the meaning ascribed to that term in Section 8.4;
- (ttt) **“Vendor’s Solicitors”** means Borden Ladner Gervais LLP;
- (uuu) **“Vesting Order”** means an order to be granted by the Court substantially in the form of Schedule “F” which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests legal and beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or Claims, other than Permitted Encumbrances; and
- (vvv) **“Wells”** means Vendor’s entire interest in and to all wells (including producing, shut-in, suspended, abandoned (including wells that have met all reclamation requirements and a reclamation certificate, certificate of recognition, surface release or other document has been issued by the applicable Governmental Authority), capped, injection and disposal wells), located on or within the Lands, or any lands pooled or unitized therewith, whether or not completed, including the wells listed in Schedule “B”.

## 1.2 Headings

The words “Article”, “Section”, “subsection” and “Schedule” followed by a number or letter or combination thereof mean and refer to the specified Article, Section, subsection and Schedule of or to this Agreement.

### **1.3 Interpretation Not Affected by Headings**

The division of this Agreement into Articles, Sections and subsections and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

### **1.4 Plurals and Gender**

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

### **1.5 Schedules**

There are appended to this Agreement the following Schedules pertaining to the following matters:

Schedule “A” -	Lands and Petroleum and Natural Gas Rights
Schedule “B” -	Wells Pipelines Facilities Tangibles
Schedule “C” -	Preferential Purchase Rights
Schedule “D” -	General Conveyance
Schedule “E” -	Form of Officer’s Certificate
Schedule “F” -	Form of Vesting Order
Schedule “G” -	Sale Process Procedures
Schedule “H” -	Form of Sale Process Order
Schedule “I” -	Contracts

Such Schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such Schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

### **1.6 Damages**

All Losses, costs, Claims, damages, expenses and liabilities in respect of which a Party has a claim pursuant to this Agreement shall include reasonable legal fees and disbursements on a full indemnity basis.

## **1.7 Derivatives**

Where a term is defined in the body of this Agreement, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires. The word “include” and derivatives thereof shall be read as if followed by the phrase “without limitation”.

## **1.8 Interpretation if Closing Does Not Occur**

In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.

## **1.9 Conflicts**

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a schedule or a Specific Conveyance, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of a Title Document or any Applicable Law, the term or condition of such Title Document or the Applicable Law shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

## **1.10 Currency**

All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

# **ARTICLE 2 PURCHASE AND SALE AND CLOSING**

## **2.1 Purchase and Sale**

Vendor, exercising the powers of sale granted pursuant to the CCAA Order and the Sale Process Order, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor acting in such capacity, all right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, subject to and in accordance with the terms and conditions of this Agreement and the Vesting Order. The Parties acknowledge that this Agreement will be used as a “stalking horse bid” as that term is commonly understood, subject to higher bids as set forth in the sale and solicitation procedures substantially in the form attached hereto as Schedule “G” (the “**Sale Process Procedures**”).

## **2.2 Purchase Price**

In consideration of the sale, assignment, transfer and conveyance of the Assets to Purchaser, the purchase price to be paid by Purchaser to Vendor for the Assets shall be the sum of Four Million

Two Hundred and Ninety Thousand Two Hundred and Twenty-One dollars (\$4,290,221.00), consisting of:

- (a) a payment in cash of One Hundred and Seven Thousand Dollars (\$107,000.00) representing the amount related to the Prior Charges;
- (b) a non-cash credit in reduction of the Debt in the amount of Four Million One Hundred Eighty Three Thousand, Two Hundred and Twenty One Dollars (\$4,183,221.00); and
- (c) the amount of nil related to the assumption of the Assumed Liabilities, (collectively the “**Purchase Price**”);

subject to adjustment only as set forth in Article 7 hereof.

### **2.3 Satisfaction of the Purchase Price and Debt**

- (a) At Closing, the Purchase Price shall be paid and satisfied by:
  - (i) credit and set off of the amount of Four Million One Hundred Eighty Three Thousand, Two Hundred and Twenty One Dollars (\$4,183,221.00) of the Debt against the amount of the Purchase Price in full and final settlement for and complete satisfaction of that portion of the Debt due from the Vendor to Purchaser; plus
  - (ii) cash payments equal to the amount outstanding related to the Prior Charges and the Administration Charge as at the Closing Date.
- (b) Subject to Closing and Court approval, Purchaser shall forever release, remise, and discharge (on its own behalf and on behalf of the Affiliates, administrators, transferees, principals, agents, insurers and assigns of Purchaser) Vendor jointly and severally, from any and all actions, causes of action, demands, suits, debts, sums of money, indemnity, expenses, interests, costs and Claims of any and every kind and nature whatsoever, at law or equity, or under Applicable Law against Vendor or its Representatives.
- (c) The Parties hereby acknowledge and agree that the Purchase Price set forth in Section 2.2 accurately reflects and takes into proper account both the positive value of all of the Assets as well as the offsetting reductions in value for the Environmental Liabilities and Abandonment and Reclamation Obligations associated therewith and the absolute release of Vendor of all and any responsibility or liability therefor.

## 2.4 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights (subject to adjustment)	\$3,432,176.00 (80%)
Tangibles	\$858,044.00 (20%)
Miscellaneous Interests	\$1.00
Total	<u>\$4,290,221.00</u>

## 2.5 Assumption of Liabilities

In determining the Purchase Price, the Parties have taken into account Purchaser's assumption of responsibility for all obligations relating to, and for the payment of all costs, expenses and Claims, existing or future, for:

- (a) Assumed Contracts and Licenses (the "**Assumed Liabilities**"); and
- (b) Abandonment and Reclamation Obligations and Environmental Liabilities associated with the Assets,

and the absolute release of Vendor of all and any responsibility or liability therefor.

## 2.6 Sale Process Procedures

This Agreement shall constitute the Stalking Horse APA for the purpose of the Sale Process Procedures. The obligation of Purchaser to purchase the Assets and the obligation of Vendor to sell the Assets pursuant hereto is subject to the Sale Process Procedures and the satisfaction of all conditions therein. Notwithstanding the foregoing, the Parties acknowledge and hereby agree as follows:

- (a) Vendor shall comply in all material respects with the procedures and timelines set out in the Sale Process Procedures and shall not waive any material provision of, or apply to the Court to materially amend, or consent to any application by any person for the material amendment of, the Sale Process Procedures without the prior written consent of Purchaser, such consent not to be unreasonably withheld or delayed.
- (b) Vendor shall prepare all materials reasonably required by it, and shall promptly apply to the Court for, and use commercially reasonable efforts to obtain, the Sale Process Order as soon as reasonably practicable following the date of execution of this Agreement, and Purchaser, at its own expense, shall promptly provide to Vendor all such information and assistance as Vendor may reasonably request to obtain the Sale Process Order, including such information as may be required to reasonably evaluate Purchaser's financial ability to perform its obligations hereunder; provided however that the application for the Sale Process Order may

be adjourned or rescheduled by Vendor or its Representatives upon written notice to Purchaser;

- (c) in the event that the Court fails to grant the Sale Process Order or the Vesting Order, or the Sale Process Order or the Vesting Order do not become Final Orders, this Agreement shall terminate and Vendor and Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction, except as provided in Sections 2.11, 12.11 and 12.14;
- (d) in the event that:
  - (i) Vendor determines that none of the bids made by Third Parties other than Purchaser pursuant to the Sale Process Procedures constitute a Superior Offer;
  - (ii) a Successful Bid by a Third Party other than Purchaser is not approved by the Court; or
  - (iii) a Successful Bid by a Third Party other than Purchaser is not completed,each of Vendor and Purchaser shall take all actions reasonably necessary to have this Agreement and the Transaction approved pursuant to the Vesting Order as soon as practicably possible;
- (e) in the event that:
  - (i) a Superior Offer by a Third Party other than Purchaser becomes a Successful Bid that is approved by the Court and is completed; or
  - (ii) this Transaction is not completed as a result of a breach of this Agreement by Vendor,

Vendor shall pay to Purchaser a break fee in the amount of One Hundred Seventy Five Thousand Dollars (\$175,000.00) being an amount equal to approximately four (4%) percent of the Purchase Price (the “**Break Fee**”) in consideration for Purchaser’s expenditure of time and money in acting as a bidder under the Sale Process Procedures, the preparation of this Agreement and in performing due diligence pursuant to this Agreement. If the Break Fee becomes payable hereunder, Vendor shall pay to Purchaser the Break Fee upon the completion of the Successful Bid.

- (f) Upon the completion of a Successful Bid by a Third Party other than Purchaser, this Agreement shall terminate and Vendor and Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction, except as provided in Sections 2.11, 12.11 and 12.14.

## 2.7 Closing Deliveries

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. Subject to all other provisions of this Agreement, possession, risk, legal and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.

- (a) On the Closing Date, Vendor shall deliver to Purchaser:
  - (i) the General Conveyance in the form attached as Schedule "D", duly executed by Vendor;
  - (ii) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Vendor;
  - (iii) a receipt for the Purchase Price as adjusted herein plus applicable GST and/or Sales Taxes;
  - (iv) the tax election as contemplated by this Agreement, duly executed by Vendor;
  - (v) a copy of the Sale Process Order;
  - (vi) a copy of the Vesting Order;
  - (vii) the Specific Conveyances, duly executed by Vendor, to the extent such Specific Conveyances were provided to Purchaser no later than one (1) Business Day prior to Closing; and
  - (viii) such other documents as may be specifically required hereunder or as may be reasonably requested by Purchaser upon reasonable notice to Vendor.
- (b) On the Closing Date, Purchaser shall deliver to Vendor:
  - (i) the Purchase Price, as adjusted herein plus applicable GST and Sales Taxes;
  - (ii) the tax election as contemplated by this Agreement, duly executed by Purchaser;
  - (iii) the General Conveyance in the form attached as Schedule "D", duly executed by Purchaser;
  - (iv) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Purchaser;
  - (v) where required, the Specific Conveyances, duly executed by Purchaser, to the extent prepared on or before the Closing Date; and



- (vi) such other documents as may be specifically required hereunder or as may be reasonably requested by Vendor upon reasonable notice to Purchaser.

## **2.8 Specific Conveyances**

The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Vendor shall use reasonable efforts to prepare and provide to Purchaser for Purchaser's review all Specific Conveyances at Vendor's sole cost and expense. The Parties shall execute such Specific Conveyances before or at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances, and Purchaser shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

## **2.9 Title Documents and Miscellaneous Interests**

As soon as practicable following Closing, Vendor shall deliver to Purchaser paper originals, paper photocopies where originals are not available, or electronic copies where neither paper originals or photocopies are available, of the Title Documents and any other agreements, files and documents to which the Assets are subject, and such contracts, agreements, records, books, documents, licences, reports and data as comprise the Miscellaneous Interests and which are now in the possession of Vendor.

## **2.10 Form of Payment**

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by certified cheque, bank draft or wire transfer.

## **2.11 Deposit**

The Parties acknowledge that a cash deposit in the amount of Ten Thousand Seven Hundred Dollars (\$10,700), representing ten percent (10%) of the cash portion of the Purchase Price as set out in Section 2.2(a) herein, will be delivered by Purchaser to the Vendor within five (5) Business Days of granting of the Sale Process Order, to be held by Vendor in a non-interest bearing account, and released only in accordance with the provisions of this Section 2.11 (the "**Deposit**").

The Deposit shall be held by Vendor in a non-interest bearing account until one of the following events occurs:

- (a) if Closing occurs, the Deposit shall be retained by Vendor at Closing for Vendor's own account absolutely and be applied as partial payment of the Purchase Price;
- (b) if Closing does not occur due to: (i) a failure to fulfill the mutual conditions set forth in Section 3.2; (ii) a material breach of a material term of this Agreement by Vendor; or (iii) failure of Vendor to fulfill the conditions set forth in Section 3.3, the Deposit shall be returned to Purchaser by Vendor for the account of Purchaser absolutely; and

- (c) if Closing does not occur due to any reason other than as addressed by Section 2.11(b) (including the failure by Purchaser to comply with its obligations under Section 2.14), the Deposit shall be forfeited to Vendor for the account of Vendor absolutely and any interest accruing on the Deposit will be delivered to Purchaser.

In the event that this Agreement is terminated as a result of the application of Section (b) or (c) above, each Party shall be released from all obligations under or in connection with this Agreement, other than this Section and Sections 12.11 and 12.14.

## **2.12 Damages**

The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by Vendor as a result of Closing not occurring and Vendor shall retain the Deposit pursuant to Section 2.11(c) and the Deposit shall constitute liquidated damages to Vendor, and not a penalty of Closing not occurring as described in that subsection.

## **2.13 Taxes**

- (a) GST

Each of Purchaser and Vendor is a registrant for GST purposes and will continue to be a registrant at the Closing Date in accordance with the provisions of the GST Legislation.

Their respective GST registration numbers are:

Vendor            828997114 RT0001

Purchaser        726760473 RT0001

The Parties agree to, if applicable, as reasonably determined by Purchaser, make an election under subsection 167(1) of the GST Legislation in respect of the GST payable as a result of the transaction contemplated herein. Purchaser, acting reasonably and only if applicable, as reasonably determined by Purchaser, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law. Purchaser shall be responsible for the payment of any amount of GST payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST and shall indemnify and save harmless Vendor in respect thereof. Purchaser's indemnity obligation set forth in this Section 2.13(a) shall survive the Closing Date indefinitely.

- (b) Sales Taxes

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for all Sales Taxes which may be imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the

Assets or to the registration of any Specific Conveyances necessitated hereby. Except where Vendor is required under Applicable Law to collect or pay such Sales Taxes, Purchaser shall pay such Sales Taxes directly to the appropriate Governmental Authority within the required time period and shall file when due all necessary documentation with respect to such Sales Taxes. Vendor will do and cause to be done such things as are reasonably requested to enable Purchaser to comply with such obligation in a timely manner. If Vendor is required under Applicable Law to pay any such Sales Taxes, Purchaser shall promptly advance to Vendor, or if Vendor has already paid same, reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of assessments or receipts, as applicable, showing assessment or payment, as applicable, of such Sales Taxes. Purchaser shall be responsible for the payment of any amount of Sales Taxes payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect thereto and shall indemnify and save harmless Vendor in respect thereof. Purchaser's indemnity obligation set forth in this Section 2.13(b) shall survive the Closing Date indefinitely.

- (c) The Parties will cooperate on tax matters to make any tax elections that the Parties deem advantageous.

## **2.14 Alberta Energy Regulator**

- (a) Prior to Vendor obtaining the Vesting Order, Purchaser shall provide Vendor with the Alberta Energy Regulator business associate code for the Purchaser.
- (b) Prior to Closing, Purchaser shall deliver to the Alberta Energy Regulator any amounts, in addition to delivering the Purchase Price, to Vendor (in such form as is acceptable to the Alberta Energy Regulator) required by the Alberta Energy Regulator as a result of Purchaser's requirements under the applicable Governmental Authority Licensee Liability Management Program as though the Closing had already occurred and the Licence Transfers duly recorded. Purchaser further undertakes to make any additional payments and lodge any security required by the Alberta Energy Regulator at and subsequent to the time the Licence Transfers, if any, are effected.

## **ARTICLE 3 CONDITIONS OF CLOSING**

### **3.1 Required Consents**

- (a) Before Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law to permit closing of the Transaction. The Parties acknowledge that, except for the Vesting Order, the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial

assurances required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including, but not limited to, the Facilities and the Wells.

- (b) Notwithstanding anything to the contrary herein, except for the Vesting Order, it is the sole obligation of Purchaser to obtain any Third Party consents, permissions or approvals that are required in connection with the assignment of Vendor's interest in any Miscellaneous Interests. Upon providing prior written notice and sufficient documentary support, all reasonable and necessary costs, fees, expenses, penalties or levies that are incurred by Vendor in order to effect the assignment of the Assets to Purchaser shall be the sole responsibility of Purchaser, and Purchaser agrees to pay on behalf of Vendor any such reasonable and necessary costs, fees, expenses, penalties or levies on a timely basis.

### **3.2 Mutual Conditions**

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

- (a) as soon as reasonably possible after execution of this Agreement, the Sale Process Order will have been granted by the Court and shall be a Final Order;
- (b) the Vesting Order will have been granted by the Court and shall be a Final Order; and
- (c) there shall not have been instituted any legal proceedings to obtain, on behalf of Vendor or any other Person, nor shall the Court or any Governmental Authority of competent jurisdiction have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits the consummation of this Transaction.

Unless otherwise agreed to by the Parties, if the conditions contained in this Section 3.2 have not been performed, satisfied or waived before the Closing Date, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate other than under Sections 2.11, 12.11 and 12.14 without any further action on the part of either Vendor or Purchaser.

### **3.3 Purchaser's Conditions**

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and shall remain true as of the Closing Date;
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and

- (c) the Sale Process Order shall grant the Break Fee and Deposit repayment procedures in accordance with this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may rescind this Agreement by written notice to Vendor. If Purchaser rescinds this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 2.11, 12.11 and 12.14.

### **3.4 Vendor's Conditions**

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor:

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and shall remain true as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects;
- (c) prior to Closing occurring (but subject to Purchaser being in full compliance with Section 2.14), the Alberta Energy Regulator shall have provided a positive indication of approval of the Licence Transfers by Vendor to Purchaser, and that the Liability Management Rating of Purchaser shall be not less than 2.0 immediately following Closing; and
- (d) all amounts to be paid by Purchaser to Vendor at Closing, including the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may rescind this Agreement by written notice to Purchaser. If Vendor rescinds this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 2.11, 12.11 and 12.14.

### **3.5 Efforts to Fulfil Conditions Precedent**

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES**

**4.1 Representations and Warranties of Vendor**

Vendor makes only the following representations to Purchaser, which representations shall not survive Closing:

- (a) the CCAA Order remains valid and subsisting up to and including the Closing Date; and
- (b) subject to obtaining the Sale Process Order and the Vesting Order, Vendor has the right to enter into this Agreement and to complete this Transaction.

**4.2 Representations and Warranties of Purchaser**

Purchaser makes the following representations and warranties to Vendor, no claim in respect of which shall be made or be enforceable by Vendor unless written notice of such Claim, with reasonable particulars, is given by Vendor to Purchaser within a period of six (6) months following the Closing Date:

- (a) Purchaser is a corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Lands are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or licence applicable to Purchaser;
- (e) provided the Sale Process Order and the Vesting Order are obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this

Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;

- (g) Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;
- (h) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (i) Purchaser is acquiring the Assets in its capacity as principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party, and is dealing at arm's length with Vendor (as such term is interpreted by the Alberta Energy Regulator);
- (j) Purchaser holds, or is eligible to hold and at Closing will hold a business associate code from the Alberta Energy Regulator making it eligible to hold the Licences which are the subject of the Licence Transfers, if any;
- (k) Purchaser has and at Closing will have, an Alberta Energy Regulator Liability Management Rating of at least 2.0, and Purchaser is not aware of any fact or circumstance that could prevent or delay the transfer of any permits or licenses relating to or forming part of the Assets as contemplated in this Agreement;
- (l) Purchaser is in compliance with all the requirements of all Governmental Authorities, including the Alberta Energy Regulator;
- (m) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (n) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act*.

#### **4.3 Limitation of Representations by Vendor**

- (a) Subject to Section 4.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no

collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:

- (i) any engineering, geological or other interpretation or economic evaluations respecting the Assets;
  - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
  - (iii) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
  - (iv) the rates of production of Petroleum Substances from the Lands;
  - (v) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles, the Wells and all wellbores, tubing, packers and casings);
  - (vi) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
  - (vii) the accuracy or completeness of the Data Room Information or any other data or information supplied by Vendor or any of its Representatives in connection with the Assets;
  - (viii) the suitability of the Assets for any purpose;
  - (ix) compliance with Applicable Laws; or
  - (x) the title and interest of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.
- (c) Except with respect to the representations and warranties in Section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any Claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information (including Data Room Information), materials or representations or statements made, direct or indirect, expressed or implied, or information or data furnished or made available to Purchaser or its Representatives in connection herewith (whether made or furnished orally or by electronic, facsimile, written or other means) pertaining to the Assets prior to or pursuant to this Agreement, including any evaluations, projections, reports, assessments and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.



**ARTICLE 5  
INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES**

**5.1 Purchaser's Indemnities for Representations and Warranties**

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor and Vendor's Representatives from and against, all Losses suffered, sustained, paid or incurred by Vendor or its Representatives which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in Section 4.2 been accurate and truthful; provided, that nothing in this Section 5.1 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in Section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

**5.2 Survival of Claim for Representations and Warranties**

The representations and warranties in Section 4.2 shall be true as of the date hereof and shall remain true on the Closing Date for the benefit of Vendor. In the absence of fraud, however, no Claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within the six (6) month period following the Closing Date, written notice specifying such breach in reasonable detail is provided to Purchaser.

**ARTICLE 6  
INDEMNITIES**

**6.1 Post-Closing Date Indemnity**

Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, expenses, Claims, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,
- (c) as a result of any fact, matter or thing resulting from, attributable to or connected with the Assets and arising or accruing before or after the Closing Time.

**6.2 Environmental Matters and Abandonment and Reclamation Obligations**

Purchaser acknowledges that, insofar as the Environmental condition of the Assets is concerned, Purchaser is acquiring the Assets pursuant hereto on an "as is, where is" basis. Purchaser acknowledges that it is familiar and satisfied with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that Vendor has provided Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of Purchaser (insofar as Vendor could reasonably provide such access) and that Purchaser is not relying upon any representation or warranty of Vendor as to the Environmental condition of the Assets, or as to any

Environmental Liabilities or Abandonment and Reclamation Obligations. Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor and its Representatives may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which Vendor may sustain, pay or incur,

as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations both to Third Parties and as between Vendor and Purchaser (whether such Environmental Liabilities and Abandonment and Reclamation Obligations occur or accrue prior to, on or after the Closing Time), and hereby releases Vendor from any Claims Purchaser may have against Vendor with respect to all such liabilities and responsibilities. Without restricting the generality of the foregoing, Purchaser shall be responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations (whether such Environmental Liabilities and all Abandonment and Reclamation Obligations occur or accrue prior to, on or after the Closing Time) in respect of the Lands, Wells and Facilities. This assumption of liability and indemnity by Purchaser shall apply without limit and without regard to cause or causes, including the negligence (whether sole, concurrent, gross, active, passive, primary or secondary) or the wilful or wanton misconduct or recklessness of any or all of Vendor, its Representatives and their respective successors and assigns or any other Person or otherwise. Purchaser further acknowledges and agrees that it shall not be entitled to any rights or remedies as against Vendor or its Representatives, or their respective successors and assigns under the common law or statute pertaining to any Environmental Liabilities and Abandonment and Reclamation Obligations, including the right to name any or all of Vendor, its Representatives, and their respective successors and assigns as a ‘third party’ to any action commenced by any Person against Purchaser. Purchaser’s assumption of liability and the indemnity obligation set forth in this Section 6.2 shall survive the Closing Date indefinitely.

### **6.3 Third Party Claims**

The following procedures shall be applicable to any Claim by Vendor (the “**Indemnitee**”) for indemnification pursuant to this Agreement from Purchaser (the “**Indemnitor**”) in respect of any Losses in relation to a Third Party (a “**Third Party Claim**”):

- (c) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall within thirty (30) Business Days of notice thereof provide written notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such thirty (30) Business Day period, then such failure shall only lessen or

limit the Indemnitee's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of timely notice;

- (d) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to take either or both of the following actions:
  - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and/or
  - (ii) settle the Third Party Claim, provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee, and provided a full and final unconditional release in favour of Vendor and its Representatives is obtained in form and substance satisfactory to Vendor;
- (e) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of a Third Party Claim pursuant hereto, the Indemnitee shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned or delayed), unless the Indemnitee waives its rights to indemnification in respect of the Third Party Claim;
- (f) each Party shall co-operate with the other Party in the defence of the Third Party Claim, including making available such of its personnel to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;
- (g) upon payment of the Third Party Claim, the Indemnitor shall be subrogated to all Claims the Indemnitee may have relating thereto. The Indemnitee shall give such further assurances and do such things to co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated Claims as reasonably requested from it; and
- (h) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnitee shall subsequently be reimbursed from any source in respect of the Third Party Claim from any Third Party which results in the Indemnitee receiving, in the aggregate, more than the amount of the Third Party Claim, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) in excess of the Third Party Claim to the Indemnitor, net of Taxes required to be paid by the Indemnitee as a result of any such receipt.

**ARTICLE 7  
ADJUSTMENTS**

**7.1 Costs and Revenues to be Apportioned**

- (a) Subject to Section (b) below and except as otherwise provided in this Agreement, all costs and expenses relating to the Assets (including maintenance, development, capital and operating costs) and all revenues relating to the Assets (including proceeds from the sale of production and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties) shall be apportioned as of the Effective Time between Vendor and Purchaser on an accrual basis in accordance with generally accepted accounting principles, provided that:
- (i) advances made by Vendor in respect of the costs of operations on Lands (or lands pooled or unitized therewith) or the Wells, Pipelines or Facilities included in the Assets which advances have not been applied to the payment of costs prior to the Closing Date and still stand to the credit of Vendor as at the Closing Date, shall be transferred to Purchaser at Closing and an adjustment will be made in favour of Vendor equal to the amount of such transferred advance;
  - (ii) deposits made by Vendor relative to operations on the Lands shall be returned to Vendor;
  - (iii) costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Article when the work is done or the goods or services are provided, regardless of when such costs and expenses become payable;
  - (iv) no adjustments shall be made in respect of Vendor's income Taxes;
  - (v) Petroleum Substances that were produced and beyond the wellhead, but not sold, as of the Effective Time shall be credited to Vendor; and
  - (vi) (A) all rentals and similar payments in respect of the Leased Substances or surface rights comprised in the Assets shall be apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date; and (B) all Taxes (excluding income Taxes and Taxes included in Prior Charges, but including all unpaid linear municipal property Taxes (together with applicable interest and penalties, if any) and accruing due on or after the Date of Appointment) levied with respect to the Assets or operations in respect thereof shall be apportioned to the Purchaser.
- (b) Vendor and its Representatives shall not be liable to make any adjustment in favour of, or make any payment to, Purchaser pursuant hereto in respect of any liability, cost or expense which relates to the period which arose prior to the later of the Date of Appointment and the Effective Date, and which cost or expense will not constitute a liability of Purchaser, except as expressly set forth in Section 7.1(a).

## **7.2 Administration Charge**

Purchaser is obligated to pay the amounts outstanding under the Administration Charge as at the Closing Date, which amount shall not exceed \$300,000. The Purchase Price shall be adjusted by such amount to be paid in cash by Purchaser at Closing.

## **7.3 Adjustments to Account**

- (a) An accounting of the adjustments pursuant to Section 7.1 and 7.2 (a “**Closing Statement of Adjustments**”) shall be made at Closing, based on Vendor’s good faith estimate of the costs and expenses paid by Vendor prior to Closing and the revenues received by Vendor prior to Closing. Vendor and Purchaser shall cooperate in preparing such accounting and Vendor shall provide a draft statement of adjustments setting forth the adjustments to be made at Closing not later than three (3) Business Days prior to Closing and shall assist Purchaser in verifying the amounts set forth in such statement. No further or other adjustments whatsoever will be made following Closing.
- (b) All adjustments provided for in this Article shall be adjustments to the Purchase Price and shall be allocated to the Petroleum and Natural Gas Rights.

# **ARTICLE 8 MAINTENANCE OF ASSETS**

## **8.1 Maintenance of Assets**

From the date hereof until the Closing Date, Vendor shall use reasonable commercial efforts, to the extent that the nature of its interest permits, and subject to the CCAA Order, Title Documents and any other agreements and documents to which the Assets are subject:

- (a) maintain the Assets in a proper and prudent manner in material compliance with all Applicable Laws and directions of Governmental Authorities; and
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date,

provided that nothing contained in the foregoing or elsewhere in this Agreement shall obligate Vendor to post security, make any other financial contribution or file any undertaking with the Alberta Energy Regulator with respect to the Licensee Liability Rating Program or any like program.

## **8.2 Consent of Purchaser**

Notwithstanding Section 8.1, Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of \$100,000.00, except: (i) in case of an emergency; (ii) as may be reasonably necessary to protect or ensure life and safety; (iii) to preserve the Assets or title to the Assets; or (iv) in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent; but with notice to the Purchaser in all cases; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;
- (b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same to Vendor in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (c) other than in ordinary course of business, materially amend or terminate any Title Document or enter into any new material agreement or commitment relating to the Assets; or
- (d) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting: pursuant to Preferential Purchase Rights; sales of non-material obsolete or surplus equipment; or sales of the Leased Substances in the normal course of business.

### **8.3 Proposed Actions**

If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to Section 8.2, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the **"Proposal"**):

- (a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;
- (b) Purchaser shall, not later than forty eight (48) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor's rights with respect to the Proposal on Purchaser's behalf, provided that Purchaser's failure to make such election within such period shall be deemed to be Purchaser's election to participate in the Proposal;
- (c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and
- (d) Purchaser's election (including its deemed election) to not participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor's interest therein is

terminated as a result of such election, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets.

#### **8.4 Post-Closing Transition**

Following Closing and to the extent to which Purchaser must be novated into operating agreements and other agreements or documents to which the Assets are subject, until the novation has been effected (the "**Unassigned Contracts**"):

- (a) Vendor shall not initiate any operation with respect to the Assets, except upon receiving Purchaser's written instructions and adequate assurance from Purchaser for the payment (in advance if requested by Vendor), or if Vendor reasonably determines that such operation is required for the protection of life or property, in which case Vendor may take such actions as it reasonably determines are required, without Purchaser's written instructions, and shall promptly notify Purchaser of such intention or actions and of Vendor's estimate of the costs and expenses therewith associated;
- (b) Vendor shall forthwith deliver, or cause to be delivered, to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall be permitted to deduct from such revenues, proceeds and other benefits, any other costs and expenses which it incurs as a result of such delivery to Purchaser;
- (c) Vendor shall, in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and
- (d) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications which Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of the Assets, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract.

#### **8.5 Licence Transfers**

- (a) To the extent applicable, within two (2) Business Days following Closing, Purchaser shall prepare and, where applicable, assist Vendor in electronically

submitting, to the applicable Governmental Authorities the Licence Transfers, if any, and Purchaser or its nominee shall, where applicable, electronically ratify and concur to such Licence Transfers.

- (b) If a Governmental Authority denies a Licence Transfer because of misdescription or other minor deficiencies in the application, Purchaser shall assist Vendor, as soon as practicable, to correct the application and amend and re-submit the Licence Transfer application. Purchaser or its nominee shall, where applicable, electronically ratify and concur to such Licence Transfer.
- (c) If for any reason, a Governmental Authority requires a Party or its nominee to make a deposit or furnish any other form of security to approve or give effect to a Licence Transfer, Purchaser shall make such deposit or furnish such other form of security as is required. All Licence Transfer processing fees (including any fees required to be paid for expedited service) shall be for Purchaser's account.
- (d) If a Governmental Authority denies any or all Licence Transfers, it will not derogate in any way from Purchaser's obligation to pay the full Purchase Price to Vendor.

## **8.6 Vendor Deemed Purchaser's Agent**

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto pursuant to this Article 8, Vendor shall be deemed to have been Purchaser's agent hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 8 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this Article 8, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (c) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's agent pursuant to this Article 8, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it was done or omitted from being done in accordance with Purchaser's instruction (including any election deemed to be made pursuant to Section 8.3(b)) or concurrence, or otherwise in accordance with this Agreement. Purchaser's indemnity obligation set forth in this Section (c) shall survive the Closing Date indefinitely.



**ARTICLE 9  
PREFERENTIAL PURCHASE RIGHTS**

**9.1 Preferential Purchase Rights**

- (a) Schedule “C” provides a description of which, if any, of the Assets are subject to Preferential Purchase Rights, so far as Vendor is aware.
- (b) Purchaser shall, immediately following execution of this Agreement, provide its good faith estimate of the value of the applicable Asset(s) to Vendor, and such value shall be set forth in the notices.
- (c) Vendor shall, within two (2) Business Days of receipt of the good faith estimates described in Section 9.1(b), serve all notices as are required in conjunction with any Preferential Purchase Rights.
- (d) Purchaser shall be liable to Vendor for, and shall, in addition, save and hold harmless and indemnify Vendor from and against, all Losses that may be brought against, suffered, sustained, paid or incurred by Vendor in connection with or that relate in any way directly or indirectly to the use of Purchaser’s allocation of value.
- (e) If a Preferential Purchase Right is exercised, the Assets that are subject thereto shall not be sold to Purchaser pursuant hereto but shall be deleted from and cease to be subject to this Agreement and the Purchase Price shall be reduced by the amount allocated to such Asset. Purchaser shall nevertheless purchase the Assets that are not subject to exercised Preferential Purchase Rights.

**ARTICLE 10  
PURCHASER’S REVIEW AND ACCESS TO BOOKS AND RECORDS**

**10.1 Vendor to Provide Access**

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor’s records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets and are in the possession of Vendor, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access, with such access to be at Purchaser’s sole risk, expense and liability) to facilitate Purchaser’s review of the Assets and title thereto for the purpose of completing this Transaction.

**10.2 Access to Information**

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor or Vendor’s Representative at Purchaser’s offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licences, reports and data included in the Miscellaneous Interests and the Title

Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including for purposes relating to:

- (a) Vendor's ownership of the Assets (including taxation matters and liabilities and Claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any Claim commenced or threatened by any Third Party against Vendor.

### **10.3 Maintenance of Information**

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

## **ARTICLE 11 Employee Matters**

### **11.1 Employee Matters**

- (a) Vendor shall provide Purchaser with an up-to-date list of the names of all of Vendor's employees, consultants and contractors fulfilling an employee-like role (collectively, "**Employees**") at least one (1) Business Day prior to the Closing Date. Prior to the Closing, but conditional on the completion of the Closing, Purchaser shall offer employment to the Employees identified by Purchaser no later than the Closing Date (the "**Selected Employees**"), effective as at the Effective Time.
- (b) If a Selected Employee accepts employment with Purchaser, then such Employee's years of service with Purchaser shall not be deemed to be the same as the Selected Employee's years of service with Vendor, and Purchaser shall not be obligated to recognize the length of service of such Selected Employee with Vendor up to the Closing Date in respect of any termination of employment by Purchaser on or after the Closing Date.

## **ARTICLE 12 GENERAL**

### **12.1 Further Assurances**

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

## **12.2 Entire Agreement**

Except for the CCAA Order, the Sale Process Order and the Vesting Order, the provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, except for the CCAA Order, the Sale Process Order and the Vesting Order, the provisions of this Agreement shall prevail. In the event that Closing occurs, except for the CCAA Order, the Sale Process Order and the Vesting Order, this Agreement supersedes all other agreements, documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the Transaction herein.

## **12.3 Governing Law**

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

## **12.4 Signs and Notifications**

Within sixty (60) days following Closing, Purchaser shall remove any signage which indicates Vendor's ownership or operation of the Assets. It shall be the responsibility of Purchaser to erect or install any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

## **12.5 Assignment and Enurement**

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

## **12.6 Time of Essence**

Time shall be of the essence in this Agreement.

## **12.7 Notices**

The addresses and fax numbers of the Parties for delivery of notices hereunder shall be as follows:

Vendor - Bow River Energy Ltd.  
500, 321 6<sup>th</sup> Avenue SW  
Calgary, AB T2P 3H3

Attention: Daniel Belot, Vice President Finance & CFO  
Email: daniel.belot@bowriverenergy.com

Purchaser - 2270943 Alberta Ltd.

1701,1234 5<sup>th</sup> Avenue NW  
Calgary AB T2N 0R9

Attention: Randy Eresman, Director  
Email: reresman@gmail.com

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by email correspondence to a Party to email address of such Party for notices, in which case, if the notice was delivered prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was delivered and if it is delivered on a day which is not a Business Day or is delivered after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4th) Business Day following the date of mailing.

A Party may from time to time change its address for service, email address for service or designated representative by giving written notice of such change to the other Party.

## **12.8 Invalidity of Provisions**

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## **12.9 Waiver**

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and made in accordance with the Agreement. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

## **12.10 Amendment**

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

## **12.11 Confidentiality and Public Announcements**

Until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and this Agreement, and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information: (i) to any Governmental Authority or to the public if required by Applicable Law; (ii) in connection with obtaining the Vesting Order; or (iii) as required to Vendor's secured creditors.

## **12.12 Sealing Order**

Vendor may, at its discretion, apply to the Court for a sealing order with respect to a report prepared by it or the Monitor containing the financial and other confidential details of this Transaction (the "**Confidential Report**"), such order sealing Vendor's Confidential Report and the confidential information contained therein from the public court file for the period directed by the Court. Pursuant to the terms of such sealing order applied for by Vendor, only the judge presiding over the CCAA Proceedings of Vendor, Purchaser and their respective Representatives and subject to the terms of those confidentiality agreements, shall have access to Vendor's Confidential Report and the confidential information contained therein.

## **12.13 Termination**

This Agreement may be terminated at any time prior to Closing:

- (a) by mutual written agreement of Vendor and Purchaser;
- (b) pursuant to the provisions of Section 2.6; or

- (c) by either Vendor or Purchaser pursuant to the provisions of Sections 3.2, 3.3 or 3.4, as applicable.

#### **12.14 Personal Information**

Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to Purchaser or otherwise obtained or reviewed by Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates, unless:

- (a) Vendor or Purchaser has first notified such individual of such additional purpose, and where required by the Applicable Laws, obtained the consent of such individual to such additional purpose; or
- (b) such use or disclosure is permitted or authorized by Applicable Laws, without notice to, or consent from, such individual.
- (c) Purchaser's obligations set forth in this Section 12.14 shall survive the Closing Date indefinitely.

#### **12.15 Third Party Beneficiaries**

Vendor will hold the indemnities contained in this Agreement in trust on behalf of all of Vendor and its Representatives, and may enforce the same on their behalf and on its own behalf.

#### **12.16 Costs**

Except as otherwise specified in this Agreement, each Party shall bear its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

#### **12.17 Monitor**

Purchaser acknowledges that the Monitor is acting solely in its capacity as the Court-appointed monitor of Vendor, and not in its personal capacity. Under no circumstances shall the Monitor or any of its Representatives have any liability pursuant to this Agreement, or in relation to the Transaction whether such liability be in contract, tort or otherwise.

#### **12.18 Counterpart Execution**

This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

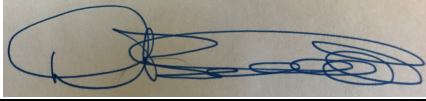
[Intentionally left blank. Signature page follows.]

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**BOW RIVER ENERGY LTD.**

**2270943 ALBERTA LTD.**

Per:



\_\_\_\_\_  
Daniel Belot, Vice President Finance &  
CFO

Per:


\_\_\_\_\_  
Randy Eresman, President

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**BOW RIVER ENERGY LTD.**

**2270943 ALBERTA LTD.**

Per: \_\_\_\_\_  
Daniel Belot, Vice President Finance &  
CFO

Per:  \_\_\_\_\_  
Randy Eresman, President



THE FOLLOWING COMPRISES SCHEDULE “A” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

**Receivable Royalty Rights**

Contract	Agreement Name	Royalty Lands	Royalty Detail	Receivable Royalty	Royalty Paid by
C00005 (A)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 07 W4M SEC 15 TWP 040 RGE 07 W4M NW 32; LSD 9, 10, 15, PTN 16 (B,C,D) SEC 32	2% payable on 37.5% production all substances	Bow River 100%	Alpha Bow 100%
C00005 (B)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 07 W4M SEC 34	2% payable on 37.5% production all substances	Bow River 100%	Bow River 75.78% Bonavista 24.22%
C00005 (F)	Royalty Agreement dated April 1, 1983	TWP 038 RGE 02 W4M SEC 12	2% payable on 40% production all substances	Bow River 100%	Bonavista 100%
C00005 (G)	Royalty Agreement dated April 1, 1983	TWP 039 RGE 08 W4M S 22, S & NW 23, LSD 10 SEC 23, SEC 24; TWP 039 RGE 08 W4M SEC 23	2% payable on 25% production all substances	Bow River 100%	Prairie Provident 100%
C00005 (H)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 06 W4M N 9, 16	2% payable on 75% production all substances	Bow River 100%	Bonavista 100%
C00005 (I)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 07 W4M SEC 23	2% payable on 75% production all substances	Bow River 100%	Bow River 100%
C00158 (A)	Seismic Option Letter Agreement dated 2, 1997	TWP 45 RGE 5 W4M SEC 10	Sliding Scale on Oil production 5-15% on 50% production	Bow River Energy 33.3%	Repsol 50% BowRiver 50%
C00206 (A)	Farmout Letter Agreement dated July 31, 2012	TWP 038 RGE 03 W4M S 14 TWP 038 RGE 03 W4M NW 14	5% payable on 100% production on all substances	Bow River 100%	West Lake Energy 100%
C00018 (A)	Overriding Royalty Agreement dated June 1, 1976	TWP 039 RGE 07 W4M SEC 18, 19 TWP 039 RGE 08 W4M S SEC 22, S & NW SEC 23, SEC 24	2.5% payable on 50% of all substances	Bow River 100%	Battle River Energy 100%
C00039 (A)	Pooling & Farmout Agreement dated July 25, 1994	TWP 036 RGE 26 W3M 22	12.5% payable on 100% of Gas substances	Bow River 14.5%	Teine Heavy Oil 100%

**Working Interest Lands**

The following 11 pages comprise the working interest lands.

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
M00641 A	LSE TYPE: CR PNG CR: 0499070480 LSE DATE: 1999 Jul 29 EFF DATE: 1999 Jul 29 EXP DATE: 2004 Jul 28 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 038 RGE 01 W4M NW 29 PNG TO BASE MANNVILLE_GROUP EXCL NG IN MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00641 B	LSE TYPE: CR PNG CR: 0499070480 LSE DATE: 1999 Jul 29 EFF DATE: 1999 Jul 29 EXP DATE: 2004 Jul 28 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 038 RGE 01 W4M LSD 3 SEC 29 PNG TO BASE MANNVILLE_GROUP EXCL NG IN MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00688 A	LSE TYPE: CR PNG CR: 0405110098 LSE DATE: 2005 Nov 03 EFF DATE: 2005 Nov 03 EXP DATE: 2010 Nov 02 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 038 RGE 01 W4M LSD 5, 6 SEC 29 PNG TO BASE MANNVILLE_GROUP EXCL NG IN MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00633 A	LSE TYPE: FH PET LSE DATE: 1998 Sep 01 EFF DATE: 1998 Sep 01 EXP DATE: 2000 Aug 31 INT TYPE: WI MNRL INT: 100.0 EXT CODE: HBP	TWP 039 RGE 02 W4M LSDS 12, 13 SEC 01 (SW 01 - PETROLEUM TO BASE MANNVILLE HAS REVERTED BACK TO HRRC) PET TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR OIL 20.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
M00682 A	LSE TYPE: CR PNG CR: 0404100064 LSE DATE: 2004 Oct 14 EFF DATE: 2004 Oct 14 EXP DATE: 2009 Oct 13 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M NW 2 TWP 039 RGE 02 W4M SW 2 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00640 A	LSE TYPE: CR PNG CR: 39773A LSE DATE: 1975 May 15 EFF DATE: 1975 May 15 EXP DATE: 1985 May 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M LSD 9, 15, 16 SEC 02 PET TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S PDBY BOWRIVER 100.0%		
M00640 B	LSE TYPE: CR PNG CR: 39773A LSE DATE: 1975 May 15 EFF DATE: 1975 May 15 EXP DATE: 1985 May 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M LSD 9, 15, 16 SEC 02 NG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%	CUR INT OPER CONT C00325 A General 0000 No ROFR Applies OPER: BOWRIVER	
M00706 A	LSE TYPE: CR PNG CR: 0418020138 LSE DATE: 2018 Feb 08 EFF DATE: 2018 Feb 08 EXP DATE: 2023 Feb 07 INT TYPE: WI	TWP 039 RGE 02 W4M LSD 10 SEC 02 ALL PNG FROM TOP SURFACE TO BASE BASEMENT	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
		MNRL INT: 100.0				
M00634 A	LSE TYPE: FH PET LSE DATE: 1998 Sep 01 EFF DATE: 1998 Sep 01 EXP DATE: 2000 Aug 31 INT TYPE: WI MNRL INT: 100.0 EXT CODE: HBP	TWP 039 RGE 02 W4M NW SEC 3, LSD 9.15.16 SEC 3 (LSD 10 SEC 3 HAS REVERTED BACK TO HRRC) ALL PETROLEUM FROM TOP SURFACE TO BASE CUMMINGS (PETROLEUM BELOW BASE CUMMINGS TO BASE MANNVILLE HAS REVERTED BACK TO HRRC)	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR ALL 20.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00709 A	LSE TYPE: FH PET LSE DATE: 2018 May 28 EFF DATE: 2018 May 28 EXP DATE: 2019 May 27 INT TYPE: WI MNRL INT: 100.0 EXT CODE: HBP	TWP 039 RGE 02 W4M LSD 10 SEC 3 PETROLEUM FROM TOP CUMMINGS TO BASE CUMMINGS	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR OIL 20.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00703 A	LSE TYPE: CR PNG CR: 0412090089 LSE DATE: 2012 Sep 06 EFF DATE: 2012 Sep 06 EXP DATE: 2017 Sep 05 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 2 W4M: N 4 PNG FROM TOP MANNVILLE_GROUP TO BASE MANNVILLE_GROUP EXCL PNG FROM TOP SPARKY TO BASE SPARKY	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00703 B	LSE TYPE: CR PNG CR: 0412090089 LSE DATE: 2012 Sep 06 EFF DATE: 2012 Sep 06 EXP DATE: 2017 Sep 05 INT TYPE: NI	TWP 039 RGE 2 W4M: N 4 PNG FROM TOP SPARKY TO BASE SPARKY			CUR INT OPER CONT C00355 A ROFR Bypassed OPER: BOWRIVER	

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	MNRL INT: 100.0 EXT CODE: 15					
M00704 A	LSE TYPE: CR PNG CR: 0416010132 LSE DATE: 2016 Jan 28 EFF DATE: 2016 Jan 28 EXP DATE: 2021 Jan 27 INT TYPE: WI MNRL INT: 100.0	TWP 39 RGE 2 W4M: N & SW & LSD 7 & 8 SEC 10 ALL PNG EXCL PNG IN SPARKY	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00704 B	LSE TYPE: CR PNG CR: 0416010132 LSE DATE: 2016 Jan 28 EFF DATE: 2016 Jan 28 EXP DATE: 2021 Jan 27 INT TYPE: WI MNRL INT: 100.0	TWP 39 RGE 2 W4M: LSD 1 & 2 SEC 10 PNG BELOW BASE MANNVILLE_GROU	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00704 C	LSE TYPE: CR PNG CR: 0416010132 LSE DATE: 2016 Jan 28 EFF DATE: 2016 Jan 28 EXP DATE: 2021 Jan 27 INT TYPE: NI MNRL INT: 100.0	TWP 39 RGE 2 W4M: N & SW & LSD 7 & 8 SEC 10 PNG IN SPARKY (SPARKY DEFINED FROM 720.3 TO 733.8 M MD ON THE NEUTRON-DENSITY LOG OF THE 00/08-10-039-02W4/00 WELL)				
M00642 A	LSE TYPE: CR PNG CR: 0494090344 LSE DATE: 1994 Sep 08 EFF DATE: 1994 Sep 08 EXP DATE: 1999 Sep 07 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M LSD 1, 2 SEC 10 PNG TO BASE MANNVILLE_GROUP EXCLUDING PNG IN SPARKY (AS DEFINED BELOW) (THE SPARKY AS DEFINED AS THE INTERVAL FROM 720.3 TO 733.8 METERS MEASURED DEPTH	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S PDBY BOWRIVER 100.0%		

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
		ON THE NEUTRON DENSITY LOG OF THE 100/08-10-039-02W4/00 WELL)				
M00642 B	LSE TYPE: CR PNG CR: 0494090344 LSE DATE: 1994 Sep 08 EFF DATE: 1994 Sep 08 EXP DATE: 1999 Sep 07 INT TYPE: NI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M LSD 1, 2 SEC 10 PNG FROM TOP SPARKY TO BASE SPARKY (AS DEFINED BELOW) (THE SPARKY AS DEFINED AS THE INTERVAL FROM 720.3 TO 733.8 METERS MEASURED DEPTH ON THE NEUTRON-DENSITY LOG OF THE 100/08-10-039-02W4/00)				CUR INT OPER CONT C00353 A ROFR Bypassed OPER: BOWRIVER
M00697 A	LSE TYPE: CR PNG CR: 0415060147 LSE DATE: 2015 Jun 25 EFF DATE: 2015 Jun 25 EXP DATE: 2020 Jun 24 INT TYPE: WI MNRL INT: 100.0	TWP 039 RGE 02 W4M LSD 1 SEC 11 PNG FROM TOP CUMMINGS TO BASE DINA (AS DEFINED BELOW) (TOP CUMMINGS TO BASE DINA INTERVAL IS BASED ON THE LOG AT 1-10-039-02W4. THE TOP OF THE CUMMINGS ZONE IS DEFINED BY THE TWO COALS FOUND BETWEEN 761.7 MD AND 766.6 MD ON THE NEUTRON LOG. THE BASE OF THE DINA CAN BE DEFINED AT 8922.4m MD IN THE 12-03-039-02W4 LOG).	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		CUR INT OPER CONT C00352 A ROFR Bypassed OPER: BOWRIVER
M00590 A	LSE TYPE: CR PNG CR: 0493100306 LSE DATE: 1993 Oct 28 EFF DATE: 1993 Oct 28 EXP DATE: 1998 Oct 27 INT TYPE: WI	TWP 039 RGE 02 W4M LSD 2, 3, 4, 6 SEC 11 PNG TO BASE MANNVILLE_GROUP EXCL PNG FROM TOP SPARKY TO BASE SPARKY	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	MNRL INT: 100.0 EXT CODE: 15					
M00590 B	LSE TYPE: CR PNG CR: 0493100306 LSE DATE: 1993 Oct 28 EFF DATE: 1993 Oct 28 EXP DATE: 1998 Oct 27 INT TYPE: NI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M LSD 2, 3, 4, 6 SEC 11 PNG FROM TOP SPARKY TO BASE SPARKY				CUR INT OPER CONT C00354 A ROFR Bypassed OPER: BOWRIVER
M00610 A	LSE TYPE: CR PNG CR: 0491100331 LSE DATE: 1991 Oct 31 EFF DATE: 1991 Oct 31 EXP DATE: 1996 Oct 30 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 18 EXT DATE: 2020 Oct 01	TWP 039 RGE 02 W4M LSD 4, 5 SEC 12 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S PDBY BOWRIVER 100.0%  SLIDING SCALE ALL S/S 23.8365 (MIN 5.0 MAX 15.0 ) GAS 15.0% (MIN 50% c/mcf) OTHER 15% BASED ON 100.0% PDBY BOWRIVER 100.0%		ROYALTY LINKS C00312 A CAPL 1990 No ROFR Applies
M00582 A	LSE TYPE: CR PNG CR: 0492120073 LSE DATE: 1992 Dec 03 EFF DATE: 1992 Dec 03 EXP DATE: 1997 Dec 02 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 039 RGE 02 W4M E 26 PET TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00582 B	LSE TYPE: CR PNG CR: 0492120073	TWP 039 RGE 02 W4M E 26 NG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	NONCONV ORR GAS 12.5%		CUR INT OPER CONT C00326 A

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	LSE DATE: 1992 Dec 03 EFF DATE: 1992 Dec 03 EXP DATE: 1997 Dec 02 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15			BASED ON 50.0% PDBY BOWRIVER 100.0%	CAPL 1990 No ROFR Applies OPER: BOWRIVER	
				SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%	ROYALTY LINKS C00326 A CAPL 1990 No ROFR Applies	
M00340 A	LSE TYPE: CR PNG CR: 0406090118 LSE DATE: 2006 Sep 07 EFF DATE: 2006 Sep 07 EXP DATE: 2011 Sep 06 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 040 RGE 01 W4M LSD 12 SEC 22 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00608 A	LSE TYPE: CR PNG CR: 24170 LSE DATE: 1971 Oct 30 EFF DATE: 1971 Oct 30 EXP DATE: 1981 Oct 29 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 040 RGE 03 W4M NE 34 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%	ROYALTY LINKS C00311 A General 0000 No ROFR Applies	
				NONCONV ORR ALL 5.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00672 A	LSE TYPE: CR PNG CR: 0403110396 LSE DATE: 2003 Nov 27 EFF DATE: 2003 Nov 27 EXP DATE: 2008 Nov 26 INT TYPE: WI MNRL INT: 100.0	TWP 040 RGE 03 W4M LSD 3 SEC 34 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		



**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	EXT CODE: 15					
M00607 A	LSE TYPE: CR PNG CR: 0482040021 LSE DATE: 1982 Apr 08 EFF DATE: 1982 Apr 08 EXP DATE: 1987 Apr 07 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 040 RGE 03 W4M LSD 5, 7, 8, 14 SEC 34 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00576 A	LSE TYPE: FH PET LSE DATE: 2000 Dec 16 EFF DATE: 2000 Dec 16 EXP DATE: 2002 Jun 15 INT TYPE: WI MNRL INT: 100.0 EXT CODE: PEND	TWP 040 RGE 03 W4M LSD 2, 5, 6, 11 SEC 35 (BRE REQUIRES A LEASE IN LSD 3 TO COMPLETE THE SPACING FOR 00/04-35, 00/05-35 & 02/06-35 WELLS) PETROLEUM FROM TOP SURFACE TC BASE LLOYDMINSTER	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR OIL 20.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00595 A	LSE TYPE: FH PET LSE DATE: 1994 Apr 18 EFF DATE: 1994 Apr 18 EXP DATE: 1996 Apr 17 INT TYPE: WI MNRL INT: 100.0 EXT CODE: PEND	TWP 040 RGE 03 W4M LSD 4 SEC 35 (EXCL NG DERIVED FROM OR ASSOCIATED WITH COAL) (BRE REQUIRES A LEASE IN LSD 3 TO COMPLETE THE SPACING FOR 00/04-35, 00/05-35 & 02/06-35 WELLS) PETROLEUM FROM TOP SURFACE TC BASE LLOYDMINSTER	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR ALL 20.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00357 A	LSE TYPE: CR PNG CR: 0409070278 LSE DATE: 2009 Jul 23	TWP 041 RGE 02 W4M N & SW SEC 6 PNG FROM TOP MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0%		

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	EFF DATE: 2009 Jul 23 EXP DATE: 2014 Jul 22 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TO BASE MANNVILLE_GROUP		PDBY BOWRIVER 100.0%		
M00357 B	LSE TYPE: CR PNG CR: 0409070278 LSE DATE: 2009 Jul 23 EFF DATE: 2009 Jul 23 EXP DATE: 2014 Jul 22 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 02 W4M SE SEC 6 PNG FROM TOP MANNVILLE_GROUP TO BASE MANNVILLE_GROUP EXCL PETROLEUM IN LOWER_MANNVILLE (AS DEFINED BY THE AGS IS COMPRISED OF THE CUMMINGS AND DINA FORMATIONS)	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00357 C	LSE TYPE: CR PNG CR: 0409070278 LSE DATE: 2009 Jul 23 EFF DATE: 2009 Jul 23 EXP DATE: 2014 Jul 22 INT TYPE: NI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 02 W4M SE SEC 6 PETROLEUM IN LOWER_MANNVILLE (AS DEFINED BY THE AGS IS COMPRISED OF THE CUMMINGS AND DINA FORMATIONS)				
M00585 A	LSE TYPE: CR PNG CR: 24171A LSE DATE: 1970 Oct 13 EFF DATE: 1970 Oct 13 EXP DATE: 1980 Oct 12 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 03 W4M LSD 4-6, 10, 11, 13 SEC 02, LSD 1-6, 10-12, 15 SEC 11 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00583 A	LSE TYPE: FH PNG LSE DATE: 1969 Jul 18	TWP 041 RGE 03 W4M NE 03 PNG TO TOP PALEOZOIC	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR ALL 15.0%		

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	EFF DATE: 1969 Jul 18 EXP DATE: 1979 Jul 17 INT TYPE: WI MNRL INT: 100.0 EXT CODE: PEND			BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00584 A	LSE TYPE: FH PNG LSE DATE: 1969 Jul 18 EFF DATE: 1969 Jul 18 EXP DATE: 1979 Jul 17 INT TYPE: WI MNRL INT: 100.0 EXT CODE: PEND	TWP 041 RGE 03 W4M LSD 1, 7, 8 SEC 03 PNG TO TOP PALEOZOIC	CUR INT: WI BOWRIVER 100.0%	NONCONV LOR ALL 15.0% BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00689 A	LSE TYPE: CR PNG CR: 0405110105 LSE DATE: 2005 Nov 03 EFF DATE: 2005 Nov 03 EXP DATE: 2010 Nov 02 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 03 W4M LSD 7, 8, 9, 14, 16 SEC 11 PNG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		
M00586 A	LSE TYPE: CR PNG CR: 0489080113 LSE DATE: 1989 Aug 10 EFF DATE: 1989 Aug 10 EXP DATE: 1994 Aug 09 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 03 W4M LSD 13 SEC 11 NG TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S PDBY BOWRIVER 100.0%  NONCONV ORR ALL 5.0% BASED ON 100.0% PDBY BOWRIVER 100.0%	ROYALTY LINKS C00327 A General 0000 No ROFR Applies	
M00586 B	LSE TYPE: CR PNG CR: 0489080113 LSE DATE: 1989 Aug 10	TWP 041 RGE 03 W4M LSD 13 SEC 11 PET TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S PDBY BOWRIVER 100.0%	ROYALTY LINKS C00327 A	

**Bow River Energy Ltd.**  
**Mineral Schedule "A" Report - NewCo Lands**

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	EFF DATE: 1989 Aug 10 EXP DATE: 1994 Aug 09 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15			NONCONV ORR ALL 5.0% BASED ON 100.0% PDBY BOWRIVER 100.0%	General 0000 No ROFR Applies	
M00609 A	LSE TYPE: CR PNG CR: 049105A076 LSE DATE: 1991 May 02 EFF DATE: 1991 May 02 EXP DATE: 1996 May 01 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 03 W4M SW 14 PNG TO BASE FISH_SCALE-WESTGATE	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%  NONCONV GOR ALL 5.0% BASED ON 100.0% PDBY BOWRIVER 100.0%	ROYALTY LINKS C00332 A ROFR Unknown	
M00691 A	LSE TYPE: CR PNG CR: 0408020162 LSE DATE: 2008 Feb 07 EFF DATE: 2008 Feb 07 EXP DATE: 2013 Feb 06 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15	TWP 041 RGE 03 W4M SW 14 PNG FROM BASE FISH_SCALE-WESTGATE TO BASE MANNVILLE_GROUP	CUR INT: WI BOWRIVER 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY BOWRIVER 100.0%		

THE FOLLOWING COMPRISES SCHEDULE “B” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

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**Wells and Facilities**

**Wells**

<b>UWI Bottom Hole</b>	<b>Licence #</b>
102/12-22-040-01W4/0	0367960
102/13-29-038-01W4/0	0334433
100/10-34-040-03W4/0	0046952
104/07-03-041-03W4/0	0364883
100/06-02-041-03W4/0	0090589
102/11-11-041-03W4/0	0152360
105/03-02-041-03W4/0	0159701
1B0/12-11-041-03W4/0	0154637
103/06-14-041-03W4/0	0433696
104/05-02-041-03W4/0	0156050
103/05-11-041-03W4/0	0129794
102/06-14-041-03W4/0	0433658
100/13-11-041-03W4/0	0149723
100/06-14-041-03W4/0	0414747
106/07-11-041-03W4/2	0431277
102/11-35-040-03W4/0	0396869
100/05-02-041-03W4/0	0065769
103/03-35-040-03W4/0	0269644
100/11-02-041-03W4/0	0065768
104/07-11-041-03W4/0	0403099
104/11-11-041-03W4/0	0414732
102/06-11-041-03W4/0	0153256
102/02-35-040-03W4/0	0269470
100/04-35-040-03W4/0	0108079
102/12-02-041-03W4/0	0119594
103/14-11-041-03W4/0	0380183
100/05-35-040-03W4/0	0245428
100/15-34-040-03W4/0	0302528
104/07-03-041-03W4/2	0364883
104/14-34-040-03W4/2	0302470
102/10-03-041-03W4/0	0365723
103/03-11-041-03W4/0	0119579
102/06-35-040-03W4/0	0269447

<b>UWI Bottom Hole</b>	<b>Licence #</b>
100/01-03-041-03W4/0	0204260
103/01-10-041-03W4/0	0128095
102/09-03-041-03W4/0	0181223
100/15-06-041-02W4/2	0486475
100/13-06-041-02W4/0	0486475
100/14-06-041-02W4/3	0486475
100/14-06-041-02W4/4	0486475
104/14-34-040-03W4/0	0302470
102/12-35-040-03W4/0	0302483
100/06-02-041-03W4/3	0090589
102/02-11-041-03W4/0	0119576
103/04-11-041-03W4/0	0119580
104/05-11-041-03W4/0	0120119
100/12-11-041-03W4/0	0152361
104/03-34-040-03W4/0	0364885
107/03-11-039-02W4/0	0495394
105/04-11-039-02W4/0	0495393
100/13-03-039-02W4/0	0495392
102/14-04-039-02W4/0	0489605
105/03-11-039-02W4/0	0486661
103/09-03-039-02W4/0	0403145
104/15-03-039-02W4/0	0402936
100/05-02-039-02W4/0	0400386
102/06-12-039-02W4/0	0270776
104/02-10-039-02W4/0	0242436
105/04-12-039-02W4/0	0239319
102/02-10-039-02W4/0	0235555
100/12-01-039-02W4/0	0227427
103/15-02-039-02W4/0	0226144
102/15-02-039-02W4/0	0226143
100/14-03-039-02W4/0	0225254
103/03-11-039-02W4/0	0224843
104/03-11-039-02W4/0	0224504
102/13-01-039-02W4/0	0224457
100/01-10-039-02W4/0	0224374
103/04-11-039-02W4/2	0224294
102/03-11-039-02W4/0	0223679
102/16-02-039-02W4/0	0208509
100/01-11-039-02W4/0	0208418
100/16-02-039-02W4/0	0203743
100/03-12-039-02W4/0	0194425
100/05-12-039-02W4/0	0187077

UWI Bottom Hole	Licence #
103/03-34-040-03W4/0	0363262
102/04-11-039-02W4/0	0221869
100/10-26-039-02W4/0	0159003
103/05-12-039-02W4/0	0192173
103/08-26-039-02W4/0	0207864
102/09-26-039-02W4/0	0211655

### Pipelines

Including but not limited to:

Licence Line	From	From Type	To
8069-15	15-02-41-03 W4M	IP	14-02-41-03 W4M
8069-16	15-02-41-03 W4M	IP	14-02-41-03 W4M
8069-29	06-02-41-03 W4M	PL	06-02-41-03 W4M
8069-30	15-02-41-03 W4M	B	05-11-41-03 W4M
8069-31	15-02-41-03 W4M	B	10-34-40-03 W4M
8069-32	06-11-41-03 W4M	PL	05-11-41-03 W4M
8069-34	13-02-41-03 W4M	PL	12-02-41-03 W4M
8069-35	12-02-41-03 W4M	PL	09-03-41-03 W4M
8069-36	01-10-41-03 W4M	WE	04-11-41-03 W4M
8069-37	15-02-41-03 W4M	IP	03-11-41-03 W4M
8069-38	15-02-41-03 W4M	IP	06-02-41-03 W4M
8069-39	03-11-41-03 W4M	PL	04-11-41-03 W4M
8069-40	02-11-41-03 W4M	PL	02-11-41-03 W4M
8069-41	15-02-41-03 W4M	IP	13-02-41-03 W4M
8069-42	10-34-40-03 W4M	PL	09-34-40-03 W4M
9879-7	15-28-41-01 W4M	PL	13-29-41-01 W4M
20154-6	05-02-41-03 W4M	PL	06-02-41-03 W4M
20154-7	15-02-41-03 W4M	B	05-02-41-03 W4M
20154-8	15-02-41-03 W4M	PL	15-02-41-03 W4M
23312-4	05-12-39-02 W4M	B	13-01-39-02 W4M
23312-5	13-01-39-02 W4M	PL	13-01-39-02 W4M
23312-6	05-12-39-02 W4M	BE	05-12-39-02 W4M
23312-7	05-12-39-02 W4M	B	16-14-39-02 W4M
23312-8	05-12-39-02 W4M	IP	01-11-39-02 W4M
23312-9	05-12-39-02 W4M	B	03-12-39-02 W4M
23312-10	16-14-39-02 W4M	S	10-14-39-02 W4M
23312-11	10-14-39-02 W4M	WE	16-14-39-02 W4M
24951-1	01-10-41-03 W4M	B	01-10-41-03 W4M
26010-1	05-11-41-03 W4M	PL	12-11-41-03 W4M

Licence Line	From	From Type	To
26090-3	06-35-40-03 W4M	WE	14-35-40-03 W4M
26090-4	06-35-40-03 W4M	WE	14-35-40-03 W4M
26090-5	02-35-40-03 W4M	WE	03-35-40-03 W4M
26090-6	03-35-40-03 W4M	WE	03-35-40-03 W4M
26090-7	02-35-40-03 W4M	WE	06-35-40-03 W4M
26090-10	03-35-40-03 W4M	PL	06-35-40-03 W4M
26090-11	11-35-40-03 W4M	WE	06-35-40-03 W4M
27442-3	16-14-39-02 W4M	WE	16-14-39-02 W4M
27442-4	16-14-39-02 W4M	WE	16-14-39-02 W4M
27442-9	15-14-39-02 W4M	WE	16-14-39-02 W4M
27442-10	15-14-39-02 W4M	WE	16-14-39-02 W4M
27442-13	05-12-39-02 W4M	B	16-14-39-02 W4M
27442-15	04-12-39-02 W4M	WE	05-12-39-02 W4M
27442-16	04-12-39-02 W4M	WE	05-12-39-02 W4M
27442-17	04-12-39-02 W4M	BE	04-12-39-02 W4M
27442-18	04-12-39-02 W4M	BE	04-12-39-02 W4M
27442-23	07-11-39-02 W4M	WE	05-12-39-02 W4M
27442-24	07-11-39-02 W4M	WE	05-12-39-02 W4M
27442-25	04-11-39-02 W4M	S	07-11-39-02 W4M
27442-26	13-01-39-02 W4M	PL	04-12-39-02 W4M
27442-27	13-01-39-02 W4M	PL	04-12-39-02 W4M
27442-28	01-10-39-02 W4M	WE	04-11-39-02 W4M
27442-29	01-10-39-02 W4M	WE	04-11-39-02 W4M
27442-30	14-03-39-02 W4M	WE	16-03-39-02 W4M
27442-31	14-03-39-02 W4M	WE	16-03-39-02 W4M
27442-32	07-26-39-02 W4M	WE	10-26-39-02 W4M
27442-33	10-26-39-02 W4M	WE	10-26-39-02 W4M
27442-34	10-26-39-02 W4M	PL	16-14-39-02 W4M
27442-35	10-26-39-02 W4M	PL	16-14-39-02 W4M
27442-38	05-32-38-01 W4M	BE	05-12-39-02 W4M
27442-40	05-02-39-02 W4M	WE	09-03-39-02 W4M
27442-41	13-02-39-02 W4M	WE	04-11-39-02 W4M
27442-42	13-02-39-02 W4M	WE	04-11-39-02 W4M
27442-43	16-03-39-02 W4M	WE	16-03-39-02 W4M
27442-44	16-03-39-02 W4M	PL	01-10-39-02 W4M
27442-45	16-03-39-02 W4M	PL	01-10-39-02 W4M
30884-1	15-17-39-01 W4M	RS	13-01-39-02 W4M
31357-2	16-02-39-02 W4M	WE	13-01-39-02 W4M
31357-5	13-01-39-02 W4M	WE	13-01-39-02 W4M
31357-6	13-01-39-02 W4M	WE	13-01-39-02 W4M
31357-9	16-02-39-02 W4M	WE	13-01-39-02 W4M
32321-1	05-12-39-02 W4M	B	07-11-39-02 W4M



Licence Line	From	From Type	To
32321-2	07-11-39-02 W4M	PL	04-11-39-02 W4M
32847-1	13-01-39-02 W4M	PL	05-12-39-02 W4M
32847-2	13-01-39-02 W4M	WE	05-12-39-02 W4M
37908-3	09-03-39-02 W4M	PL	16-03-39-02 W4M
37908-4	09-03-39-02 W4M	PL	16-03-39-02 W4M
39226-1	06-02-41-03 W4M	WE	03-35-40-03 W4M
40351-7	02-11-41-03 W4M	PL	15-02-41-03 W4M
51333-1	02-10-39-02 W4M	BE	01-10-39-02 W4M
51333-2	01-10-39-02 W4M	WE	04-11-39-02 W4M
51333-3	01-10-39-02 W4M	PL	04-11-39-02 W4M
52057-6	15-32-38-01 W4M	WE	05-12-39-02 W4M
58985-1	04-35-40-03 W4M	WE	03-35-40-03 W4M
58986-1	03-34-40-03 W4M	WE	02-34-40-03 W4M
58986-2	03-34-40-03 W4M	WE	02-34-40-03 W4M
59103-8	02-34-40-03 W4M	B	06-02-41-03 W4M
59108-61	04-11-41-03 W4M	PL	04-11-41-03 W4M
59108-79	11-02-41-03 W4M	PL	14-02-41-03 W4M
59108-89	11-02-41-03 W4M	WE	11-02-41-03 W4M
59108-90	11-02-41-03 W4M	WE	11-02-41-03 W4M
59108-105	12-11-41-03 W4M	WE	11-11-41-03 W4M
59108-107	06-11-41-03 W4M	WE	11-11-41-03 W4M
59108-111	13-11-41-03 W4M	WE	11-11-41-03 W4M
59108-112	11-11-41-03 W4M	WE	11-11-41-03 W4M
59108-113	11-11-41-03 W4M	WE	11-11-41-03 W4M
59108-114	06-11-41-03 W4M	WE	11-11-41-03 W4M
59108-127	14-34-40-03 W4M	WE	10-34-40-03 W4M
59108-128	14-34-40-03 W4M	WE	02-34-40-03 W4M
59108-131	07-34-40-03 W4M	WE	07-34-40-03 W4M
59108-132	07-34-40-03 W4M	WE	07-34-40-03 W4M
59108-133	01-10-41-03 W4M	WE	16-03-41-03 W4M
59108-134	14-35-40-03 W4M	WE	06-02-41-03 W4M
59108-135	14-35-40-03 W4M	WE	06-02-41-03 W4M
59108-136	05-02-41-03 W4M	WE	06-02-41-03 W4M
59108-137	05-02-41-03 W4M	WE	06-02-41-03 W4M
59108-138	01-03-41-03 W4M	WE	05-02-41-03 W4M
59108-139	01-03-41-03 W4M	WE	05-02-41-03 W4M
59108-140	08-03-41-03 W4M	WE	01-03-41-03 W4M
59108-141	08-03-41-03 W4M	WE	01-03-41-03 W4M
59108-142	07-03-41-03 W4M	WE	08-03-41-03 W4M
59108-143	07-03-41-03 W4M	WE	08-03-41-03 W4M
59108-144	11-02-41-03 W4M	WE	06-02-41-03 W4M
59108-145	11-02-41-03 W4M	WE	06-02-41-03 W4M

Licence Line	From	From Type	To
59108-146	06-02-41-03 W4M	S	15-02-41-03 W4M
59108-152	01-10-41-03 W4M	WE	04-11-41-03 W4M
59108-153	03-11-41-03 W4M	WE	04-11-41-03 W4M
59108-154	04-11-41-03 W4M	PL	15-02-41-03 W4M
59108-155	04-11-41-03 W4M	PL	15-02-41-03 W4M
59108-156	10-02-41-03 W4M	WE	15-02-41-03 W4M
59108-157	02-11-41-03 W4M	WE	15-02-41-03 W4M
59108-158	02-11-41-03 W4M	WE	15-02-41-03 W4M
59108-159	11-11-41-03 W4M	S	04-11-41-03 W4M
59108-160	07-03-41-03 W4M	WE	07-03-41-03 W4M
59108-161	10-03-41-03 W4M	WE	07-03-41-03 W4M
59108-162	07-03-41-03 W4M	WE	07-03-41-03 W4M
59108-163	10-03-41-03 W4M	WE	07-03-41-03 W4M
59108-164	01-11-41-03 W4M	WE	02-11-41-03 W4M
59108-165	01-11-41-03 W4M	WE	02-11-41-03 W4M
59108-166	11-11-41-03 W4M	S	04-11-41-03 W4M
59108-167	14-11-41-03 W4M	WE	11-11-41-03 W4M
59108-168	14-11-41-03 W4M	WE	11-11-41-03 W4M

### Facilities

Licence Number	Surface Location	Property	Facility Description
F22786	02/15-02-041-03W4	Black Creek	Main Battery Black Creek
F38222	00/02-34-040-03W4	Black Creek	Active – Willow Glenn test separator
F50428	00/01-12-041-03W4	Black Creek	Active – 100/15-06-041-02W4 SWB
F8375	00/06-02-041-03W4	Black Creek	Active – Satellite facility
F8382	00/15-02-041-03W4	Black Creek	Main Battery Black Creek
F38066	03/04-11-039-02W4	Fleeing Horse	Sat
F6800	00/05-12-039-02W4	Fleeing Horse	Main Battery Fleeing Horse

## Tangibles

Field Office hardware list:

Field IS Inventory Data Capture								
District	Site	Asset Tag	Description	CI Name	Manufacturer	Asset Model	IP Address	Serial Number
Provost	Black Creek		Firewall		Fortinet	FWF-80CM	10.210.111.1	FW80CM3912603192
Provost	Black Creek		Switch		Cisco	C3750V2	10.210.111.10	FDO1431Y0SY
Provost	Black Creek	20002929	Desktop	fiw20002929	Hewlett-Packard	HP Elitedesk Desktop PC	10.210.111.100	
Provost	Black Creek	20003022	Desktop	fiw20003022	Hewlett-Packard	HP Elitedesk Desktop PC	10.210.111.101	
Provost	Black Creek		WAP		Aruba	AP105	10.210.111.102	
Provost	Black Creek		Printer	blackcreek-opstr-hp475	Hewlett-Packard	LaserJet 400 color MFP M475dn	10.210.111.30	
Provost	Dolcy		Firewall		Fortinet	FWF-80CM	10.210.32.1	FW80CM3910603505
Provost	Dolcy		Switch	dolcy-c3750v2	Cisco	C3750V2	10.210.32.10	FDO1638Y076
Provost	Dolcy		WAP		Aruba	AP105	10.210.32.102	
Provost	Dolcy		Printer	dolcy-opstr-hp475	Hewlett-Packard	LaserJet 400 color MFP M475dn	10.210.32.30	
Provost	Dolcy		Printer	dolcy-leadoffice-hp475	Hewlett-Packard	LaserJet 400 color MFP M475dn	10.210.32.31	
Provost	Fleeing Horse		Firewall		Fortinet	FWF-80CM	10.210.107.1	FW80CM3914604874
Provost	Fleeing Horse		Switch		Cisco	C2960-12	10.210.107.10	FDO1542X0U7
Provost	Fleeing Horse		WAP		Aruba	AP105	10.210.107.101	
Provost	Fleeing Horse	20016029	Desktop	fiw20016029	Hewlett-Packard	HP Elitedesk Desktop PC	10.210.107.102	
Provost	Fleeing Horse		Printer	fleeinghorse-opstr-hp475	Hewlett-Packard	LaserJet 400 color MFP M475dn	10.210.107.18	
Provost	Red Lion		Firewall		Fortinet	FWF-80CM	10.210.159.1	FW80CM3913606536
Provost	Red Lion		WAP		Aruba	AP105	10.210.159.103	
Provost	Red Lion		Printer	redlion-opstr-hp375	Hewlett-Packard	LaserJet 300 color MFP M375dn	10.210.159.17	
Saskatchewan	Fort Pitt		Firewall		Cisco	RV180		SER173106K0
Saskatchewan	Pierceland		Firewall					SER181007AP

### Calgary Network Devices:

Switches	2
Routers	2
Barracuda Backup	1
Fortinet Fire Wall	1
Lenovo Server	1

THE FOLLOWING COMPRISES SCHEDULE “C” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

**Preferential Purchase Rights**

Interest Type	Contract	Agreement Name	Lands	Rights Details	Preferential Interest Holder
Receivable Royalty	C00005 (A)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 07 W4M SEC 15 TWP 040 RGE 07 W4M NW 32; LSD 9, 10, 15, PTN 16 (B,C,D) SEC 32	2% payable on 37.5% production all substances	Alpha Bow 100%
Receivable Royalty	C00005 (B)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 07 W4M SEC 34	2% payable on 37.5% production all substances	Bonavista 24.22%
Receivable Royalty	C00005 (F)	Royalty Agreement dated April 1, 1983	TWP 038 RGE 02 W4M SEC 12	2% payable on 40% production all substances	Bonavista 100%
Receivable Royalty	C00005 (G)	Royalty Agreement dated April 1, 1983	TWP 039 RGE 08 W4M S 22, S & NW 23, LSD 10 SEC 23, SEC 24; TWP 039 RGE 08 W4M SEC 23	2% payable on 25% production all substances	Prairie Provident 100%
Receivable Royalty	C00005 (H)	Royalty Agreement dated April 1, 1983	TWP 040 RGE 06 W4M N 9, 16	2% payable on 75% production all substances	Bonavista 100%
Receivable Royalty	C00039 (A)	Pooling & Farmout Agreement dated July 25, 1994	TWP 036 RGE 26 W3M 22	12.5% payable on 100% of Gas substances	Teine Heavy Oil 100%

THE FOLLOWING COMPRISES SCHEDULE “D” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

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**THIS GENERAL CONVEYANCE** made as of this \_\_\_\_ day of \_\_\_\_\_, 2020.

**BETWEEN:**

**BOW RIVER ENERGY LTD.** (hereinafter referred to as “**Vendor**”)

- and -

**2270943 ALBERTA LTD.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as “**Purchaser**”)

**WHEREAS** pursuant to an order of the Honourable Madam Justice A.D. Grosse of the Alberta Court of Queen’s Bench (the “**Court**”) dated June 1, 2020 (as amended and restated June 10, 2020) under Court Action Number 2001-06997 (the “**CCAA Order**”), Vendor was granted relief under the provisions of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and, inter alia, BDO Canada Limited was appointed as monitor (the “**Monitor**”) of Vendor under the CCAA Proceedings;

**AND WHEREAS** Vendor wishes to sell, and Purchaser wishes to purchase, the Assets subject to and in accordance with the terms and conditions contained herein;

**NOW THEREFORE** for the consideration provided in the Purchase Agreement and in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties covenant and agree as follows:

1. Definitions

In this General Conveyance, including the recitals hereto, the definitions set forth in the Purchase Agreement are adopted herein by reference and, in addition:

“**Purchase Agreement**” means that Asset Purchase Agreement dated July 17, 2020 between Vendor and Purchaser.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Purchase Agreement and the provisions of the Purchase Agreement shall prevail in the event of a conflict between the provisions of the Purchase Agreement and the provisions of this General Conveyance.

4. No Merger

The covenants, representations, warranties and indemnities contained in the Purchase Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall be no merger of any covenant, representation, warranty or indemnity contained in the Purchase Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

6. Enurement

This General Conveyance shall be binding upon and shall enure to the benefit of each of the Parties and their respective administrators, trustees, receivers, successors and assigns.

7. Further Assurances

Each Party will, from time to time and at all times hereafter, at the request of the other Party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

8. Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means and all such executed counterparts together shall constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this General Conveyance on the date first above written.

**BOW RIVER ENERGY LTD.**

**2270943 ALBERTA LTD.**

Per: \_\_\_\_\_  
[Name]  
[Title]

Per: \_\_\_\_\_  
[Name]  
[Title]

THE FOLLOWING COMPRISES SCHEDULE "E" ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

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**[VENDOR'S][PURCHASER'S] OFFICER'S CERTIFICATE**

TO: [Name of Vendor/Purchaser] [(the "Vendor")] [(the "Purchaser")]

**RE: Asset Purchase Agreement dated July 17, 2020 between Vendor and Purchaser (the "Agreement")**

Unless otherwise defined herein, the definitions provided for in the Agreement are adopted in this certificate (the "Certificate").

I, [Name], [Position] of [Name of Vendor/Purchaser] [(the "Vendor")] [(the "Purchaser")] hereby certify that as of the date of this Certificate:

9. Each of the covenants, representations and warranties of the [Vendor][Purchaser] contained in Article 4 of the Agreement were true and correct in all material respects when made and remain true and correct in all material respects up to the Closing Time.
10. All obligations of [Vendor] [Purchaser] contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.
11. This Certificate is made for and on behalf of the [Vendor] [Purchaser] and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.
12. This Certificate is made with full knowledge that the [Vendor] [Purchaser] is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate this \_\_\_ day of \_\_\_\_\_, 2020.

**[NAME OF VENDOR/PURCHASER]**

Per: \_\_\_\_\_

Name

Title

THE FOLLOWING COMPRISES SCHEDULE “F” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

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**VESTING ORDER**

To be scheduled.



THE FOLLOWING COMPRISES SCHEDULE “G” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

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## SALE PROCESS PROCEDURES

### Procedure for the Sales and Investment Solicitation Process of Bow River Energy Ltd.

1. On June 1, 2020 (the “**Filing Date**”), Bow River Energy Ltd. (the “**Company**”) obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985 c C-36, as amended (the “**CCAA**”) from the Alberta Court of Queen's Bench (the “**Court**”). Among other things, the Initial Order granted an initial stay of proceedings in respect of the Company up to and including June 10, 2020 (the “**Stay**”) and appointed BDO Canada Limited as the monitor (the “**Monitor**”) of the Company’s proceedings under the CCAA (the “**CCAA Proceedings**”).
2. On June 10, 2020, the Company obtained an amended and restated initial order from the Court (the “**Amended and Restated Initial Order**”), which, among other things, extended the Stay up to and including July 31, 2020.
3. On July 24, 2020, the Company obtained an order from the Court (the “**Sales Process Order**”), which, among other things, approved the procedures for the sales and investment solicitation process of the Company (the “**SISP**”).
4. Set forth below is the procedure to be followed with respect to the SISP to be undertaken to seek a Successful Bid (as defined below), and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

### Defined Terms

5. All monetary references shall be in Canadian dollars, unless otherwise stated.
6. In these SISP Procedures:

"**Break Fee**" means the amount of \$175,000;

"**Business**" means the business presently carried on by the Company;

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

"**CCAA Charges**" means the charges created by the Amended and Restated Initial Order and the Interim Lender’s Order that rank in priority to the Debentureholder Security, totaling a maximum aggregate value of \$1.8 million, comprised of:

- (a) the Administration Charge up to a maximum aggregate value of \$300,000;
- (b) the Interim Lender's Charge up to a maximum aggregate value of \$1.1 million; and
- (c) the Directors & Officers' Charge up to a maximum aggregate value of \$400,000;

"**CCAA Obligations**" means the indebtedness, liabilities and obligations secured by the CCAA Charges;

"**Cure Costs**" means the debt owed by the Company to bring unpaid mineral and surface leases into good standing, in order to effect an assignment of such leases to a Successful Bidder (as defined below);

"**Debentures**" means the secured subordinated debentures issued by the Company on: i) May 15, 2017, accruing interest at a rate of 16%, ii) May 30, 2018, accruing interest at a rate of 15%, and iii) May 31, 2018 and July 19, 2018, accruing interest at a rate of 15%, respectively;

"**Debentureholders**" means the holders of the Debentures;

"**Debentureholder Debt**" means the debt owed by the Company to the Debentureholders pursuant to the Debentures, including all principal, interest and costs totaling \$4,183,221.00, with interest and costs continuing to accrue;

"**Debentureholder Security**" means the security which secures the Debentureholder Debt;

"**Interim Financing Obligations**" means the Initial Advance made to the Company pursuant to the Interim Financing Term Sheet in the amount of \$260,000, together with any additional amount advanced to the Company thereunder up to the maximum aggregate amount of \$1.1 million;

"**Interim Financing Term Sheet**" means the Term Sheet entered into by the Company and the Interim Lender or Interim Lenders (as defined therein) and approved by the Court on July 24, 2020;

"**Interim Lender's Order**" means the Order granted by the Court on July 24, 2020 approving the Interim Financing Term Sheet and the Interim Financing Obligations;

"**Outside Date**" means October 31, 2020;

"**Prior Charges**" means all claims against the Company or its Property that rank in priority to the Debentureholder Security, including all outstanding non-linear property taxes owing in respect of the Property contained in the Stalking Horse APA (which non-linear property taxes are an estimated \$107,000), and which do not include the Cure Costs or the CCAA Obligations;

“**Property**” means all of the Company’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof;

“**Sales Advisor**” means Sayer Energy Advisors;

“**Stalking Horse APA**” means the Asset Purchase and Sale Agreement between the Company and the Stalking Horse Bidder, dated July 17, 2020;

“**Stalking Horse Bidder**” means 2270943 Alberta Ltd.;

“**Superior Offer**” means a credible, reasonably certain and financially viable third party offer, or combination of offers, for: A) the acquisition of all, substantially all, or certain of, the Property or Business contained in the Stalking Horse APA, or B) an investment, restructuring, recapitalization, refinancing or other form of reorganization of the Company, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APA, and which at a minimum, alone, or in combination with other offers, includes:

- i) a payment in cash in excess of \$250,000 of the aggregate of the total consideration payable pursuant to the Stalking Horse APA, being \$4,433,221.00,
- ii) a payment in cash in the amount necessary to fully pay the Break Fee, the CCAA Obligations, and the Interim Financing Obligations, as at the closing of such transaction, and
- iii) a payment in cash or an assumption of liabilities to satisfy any and all Cure Costs and Prior Charges, as at the closing of such transaction, which amount with respect to the Stalking Horse APA is estimated to be \$298,000.

### **Stalking Horse APA**

7. This SISP is intended to solicit interest in, and opportunities for (the “**Opportunity**” (i) a sale, or partial sales of, all, substantially all, or certain of, the Property of the Company or its Business, whether through an asset purchase, share purchase or a combination thereof (“**Sale Proposal**”), or (ii) for an investment in, restructuring, recapitalization, reorganization or refinancing of the Company or its Business (“**Investment Proposal**”), or a combination thereof).
8. The Company has entered into the Stalking Horse APA with the Stalking Horse Bidder, pursuant to which, if there is no Successful Bid (as defined below) from a party other than the Stalking Horse Bidder, the Stalking Horse Bidder will acquire certain of the Company’s Property, as more particularly detailed in the Stalking Horse APA. The Stalking Horse APA is attached hereto as **Schedule “C”**.
9. The Stalking Horse APA shall constitute a Qualified Bid for all purposes and at all times under this SISP.

10. Notwithstanding the execution of the Stalking Horse APA, all interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to this SISP, including as a Sale Proposal or an Investment Proposal.
11. Certain bid protections, such as the Break Fee and expense reimbursement, have been approved in respect of the Stalking Horse APA, subject to the conditions set forth therein, by the Court pursuant to the SISP Approval Order. No other bidder may request or receive any form of bid protection as part of any offer made pursuant to this SISP.

#### **SISP Procedure**

12. The SISP set forth herein describes, among other things, the Property and the Business available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the Court's approval thereof. The Company, in consultation with both the Monitor and the Sales Advisor, shall administer the SISP. In the event that there is disagreement as to the interpretation or application of the SISP, the Court will have jurisdiction to hear and resolve such dispute.
13. The Company will use its reasonable efforts to complete the SISP in accordance with the timelines as set out in **Schedule "B"** hereto. The Company, in consultation with the Monitor and the Sales Advisor, shall be permitted to make such adjustments to the timeline that it determines are reasonably necessary.

#### **"As Is, Where Is"**

14. The sale of the Property and the Business 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 Company or any of its agents, except to the extent set forth in the relevant final sale agreement with a Successful Bidder. The representations, warranties, covenants or indemnities shall not be materially more favourable than those set out in the Stalking Horse APA, except to the extent additional tangible monetary value of an equivalent amount is provided for such representations, warranties, covenants or indemnities.

#### **Free of Any and All Claims and Interests**

15. In the event of a sale(s), all of the rights, title and interests of the Company in and to the Property and the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively the "**Claims and Interests**"), such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to an approval and vesting order made by the Court, upon the application of the Company, except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder. The vesting out of Claims and Interests by a Successful Bidder other than the Stalking Horse Bidder shall not be materially more favourable to the Successful Bidder than those set out

in the Stalking Horse APA, except to the extent additional tangible monetary value of an equivalent amount is provided for the vesting out of such Claims and Interests.

### **Publication of Notice and Teaser**

16. As soon as reasonably practicable after the granting of the SISP Approval Order by the Court,
  - a. the Sales Advisor shall cause a notice of the SISP and such other relevant information which the Sales Advisor, in consultation with the Company and the Monitor, considers appropriate, to be published in the *BOE Report*, the *Daily Oil Bulletin*, the *Calgary Herald*, and such other publications as the Sales Advisor may consider appropriate; and
  - b. the Company shall issue a press release setting out the notice and such other relevant information regarding the Opportunity with Canada Newswire, designating dissemination in Canada and shall invite bids from interested parties.
17. A non-confidential teaser letter prepared by the Sales Advisor, in consultation with the Company (the "**Teaser**"), describing the Opportunity and the SISP will be made available by the Sales Advisor and the Company to prospective purchasers and will be posted on the Monitor's website as soon as practicable following the issuance of the SISP Approval Order.
18. A Confidential Information Memorandum ("**CIM**") describing the opportunity to acquire the Property and the Business will be made available by the Sales Advisor, in consultation with the Company, to prospective purchasers that have executed a non-disclosure agreement with the Company, in a form satisfactory to the Company, and as more particularly set-forth below.
19. The Company, with the assistance of the Sales Advisor, will also populate an electronic data room (the "**VDR**") with detailed listings, photographs, technical specifications and other information required for prospective purchasers to perform due diligence on the Property and the Business.

### **Participation Requirements**

20. In order to participate in the SISP, each person interested in bidding on the Property and the Business (a "**Potential Bidder**") must deliver to the Sales Advisor at the address specified in **Schedule "A"** hereto (the "**Notice Schedule**") (including by email or fax transmission), and prior to the distribution of any confidential information by the Company or Sales Advisor to a Potential Bidder (including the CIM and access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Company, which shall inure to the benefit of any Successful Bidder that closes a transaction contemplated by the Successful Bid (as defined below).
21. A Potential Bidder that has executed a non-disclosure agreement, as described above and who the Company, in consultation with the Sales Advisor and the Monitor, determines has

a reasonable prospect of completing a transaction contemplated herein, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by the Sales Advisor. For the avoidance of doubt, the Stalking Horse Bidder is a Qualified Bidder.

### **Due Diligence**

22. The Sales Advisor shall provide any person deemed to be a Qualified Bidder with a copy of the CIM and access to the VDR and the Company shall provide to Qualified Bidders further access to such reasonably required due diligence materials and information relating to the Property and the Business as the Company, in consultation with the Sales Advisor and the Monitor, deems appropriate, including virtual presentations by the Company and access to further information in the VDR.
23. The Company, the Sales Advisor, the Monitor and their respective advisors, make no representation or warranty as to the information contained in the CIM, the VDR, or other information to be provided through the due diligence process or otherwise, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Company and approved by the Court.

### **Seeking Qualified Bids from Qualified Bidders**

24. A Qualified Bidder that desires to make a bid for the Property or Business must deliver written copies of a final, binding proposal (the "**Final Bid**") in the form of a fully executed purchase and sale agreement to the Sales Advisor, with copies to the Company and the Monitor, at the addresses specified in **Schedule "A"** hereto (including by email or fax transmission) so as to be received by it not later than 12:00 p.m. Calgary time on August 24, 2020, or such other date or time as may be agreed by the Company with the consent of the Monitor (the "**Final Bid Deadline**").

### **Qualified Bids**

25. A Final Bid will be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder and the Final Bid complies with, among other things, the following (a "**Qualified Bid**"):
  - (a) it contains
    - (i) a duly executed purchase and sale agreement based on the form of template purchase and sale agreement posted to the VDR (the "**Template PSA**");
    - (ii) a blackline of the executed purchase and sale agreement to the Template PSA; and
    - (iii) a blackline of the executed purchase and sale agreement to the Stalking Horse APA, if it is a bid for any of the Property that is subject to the Stalking Horse APA.;

- (b) it includes a letter stating that the Final Bid is irrevocable until there is a Selected Superior Offer (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its Final Bid shall remain an irrevocable offer until the earlier of (i) the completion of the sale to the Successful Bidder and (ii) the Outside Date;
- (c) it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing;
- (d) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
- (e) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form of payment acceptable to the Monitor, payable to the order of the Monitor, in trust for the Company, in an amount equal to 10% of the total consideration in the Qualified Bid to be held and dealt with in accordance with this SISP;
- (f) it is not conditional upon:
  - (i) the outcome of unperformed due diligence by the Qualified Bidder, and/or
  - (ii) obtaining financing;
- (g) it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);
- (h) it contains an agreement that the Qualified Bidder submitting such bid, if not chosen as the Successful Bidder, shall serve, without modification to such bid, as a Backup Bidder (as defined below), in the event the Successful Bidder fails to close, provided, however, that the Stalking Horse Bidder shall not be required to serve as Backup Bidder, except to the extent that the Stalking Horse Bidder elects to submit a Minimum Incremental Overbid (as defined below) in the Auction;
- (i) the bid shall result in any beneficiaries of Cure Costs associated with Properties subject to the bid, receiving on the closing of the transaction contemplated thereby, immediately available funds or an assumption of liabilities in an amount sufficient to indefeasibly settle in full all of the associated Cure Costs, which claims shall be calculated as of the date of such closing;
- (j) if it is a bid for the Property that is included in the Stalking Horse APA, or a portion thereof, the aggregate consideration to be paid by the Qualified Bidder, alone, or in combination with other Qualified Bids, exceeds, by an amount of \$250,000, the aggregate of the total consideration payable pursuant to the Stalking Horse APA, being \$4,433,221.00, and the Break Fee;

- (k) if it is a bid for the Property that is included in the Stalking Horse APA, or a portion thereof, the bid, or bids as the case may be, shall contain immediately available funds which in the aggregate equal the amounts of: the CCAA Obligations, the Interim Financing Obligations, and the Debentureholder Debt, which claims shall be calculated as of the date of such closing(s), and immediately available funds or an assumption of liabilities in an amount sufficient to indefeasibly settle in full all of the associated Prior Charges; and
  - (l) it is received by the Final Bid Deadline.
26. The Company, with the consent of the Monitor, may waive compliance with any one or more of the requirements specified herein and deem any non-compliant bid to be a Qualified Bid.
27. The Sales Advisor, in consultation with the Company and the Monitor, may, following the receipt of any bid, seek clarification with respect to any of the terms or conditions of such bid and/or request and negotiate one or more amendments to such bid prior to determining if the bid should be considered a Qualified Bid.
28. The Sales Advisor shall notify each Qualified Bidder in writing as to whether its bid constitutes a Qualified Bid within five Business Days of the Final Bid Deadline, or at such later time as the Company, in consultation with the Sales Advisor and the Monitor, deem appropriate.

#### **Stalking Horse APA**

29. Pursuant to the Stalking Horse APA, the Stalking Horse Bidder shall provide to the Company a cash deposit equivalent to ten percent (10%) of the Prior Charges, within five (5) Business Days of the approval of this SISF through the Sales Process Order, to be treated in accordance with the Stalking Horse APA.
30. The purchase price for the Property and the Business identified in the Stalking Horse APA includes: (i) a non-cash credit bid in the amount of \$4,183,221.00, as specified in the Stalking Horse APA resulting in that portion of the Debentureholder Debt and Interim Financing Obligations being satisfied in exchange for the acquisition of certain of the Property by the Stalking Horse Bidder; and (ii) consideration in an amount sufficient to (a) pay in full in cash on closing, or through the assumption of liabilities, all Prior Charges; (b) pay in full in cash on closing, the CCAA Obligations; (c) pay in full in cash on closing, or through the assumption of liabilities, the Cure Costs.

#### **No Superior Offers**

31. If none of the Qualified Bids, or combination thereof, received constitute a Superior Offer, the Company shall promptly apply to the Court for an order approving the Stalking Horse APA and vesting title to the Property subject to the Stalking Horse APA in the name of the Stalking Horse Bidder.



### **Selection of Additional Successful Bid**

32. If none of the Qualified Bids received relate to the same Property subject to the Stalking Horse APA (an “**Additional Bid**”),
- a. the Company shall, as soon as practicable, apply to the Court for an order approving the Stalking Horse APA and vesting title to the Property subject to the Stalking Horse APA in the name of the Stalking Horse Bidder, and
  - b. the Company, in consultation with the Sales Advisor and the Monitor, shall review and evaluate each Additional Bid and identify the highest or otherwise best bid (the “**Successful Additional Bid**” and the Qualified Bidder making such Successful Additional Bid the “**Successful Additional Bidder**”).
33. Any Successful Additional Bid shall be subject to approval by the Court in accordance with paragraph 39 hereof.

### **If a Superior Offer is Received**

34. If the Company determines, in consultation with the Sales Advisor and the Monitor, that one or more, or a combination thereof, of the Qualified Bids constitutes a Superior Offer, the Company shall provide the parties making Superior Offers and the Stalking Horse Bidder the opportunity to make further bids through the auction process set out below (the “**Auction**”).
35. The Sales Advisor will provide unredacted copies of the Qualified Bid(s) which the Company believes is (individually or in the aggregate) the highest or otherwise best Qualified Bid(s) (the “**Starting Bid**”) to the Stalking Horse Bidder and to all Qualified Bidders that have made a Superior Offer, prior to 5:00 p.m. (MST) on September 4, 2020. Prior to 12:00 p.m. (MST) on September 9, 2020, each Qualified Bidder that has made a Superior Offer and the Stalking Horse Bidder, must inform the Company and the Sales Advisor whether it intends to participate in the Auction (the parties who so inform the Company and the Sales Advisor that they intend to participate are hereinafter referred to as the “**Auction Bidder(s)**”).

### **Auction**

36. In the event that the Auction is required in accordance with the terms of this SISP, it shall be conducted in accordance with the procedures set forth in this paragraph:
- a. The Auction shall commence at 10:00 a.m. (Calgary time) on September 11, 2020, at the Calgary offices of Borden Ladner Gervais LLP, being 1900 520-3<sup>rd</sup> Avenue SW, Calgary Alberta, or such other place and time as determined by the Company, in consultation with the Monitor, and that is timely communicated to all entities entitled to attend at the Auction, and continue thereafter until completed, subject to such adjournments as the Company, in consultation with the Monitor, may consider appropriate.

- b. Notwithstanding the foregoing, if circumstances do not permit the Auction to be held in person, the Company shall work in good faith with the parties entitled to attend the Auction to arrange for the Auction to be held via videoconference or teleconference, or such other reasonable means as the Company deems appropriate.
- c. The Company reserves the right to cancel or postpone the Auction, in consultation with the Sales Advisor and the Monitor.
- d. Except as otherwise set forth herein, the Company may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are:
  - i. not inconsistent with the Amended and Restated Initial Order, the SISP, the CCAA, or any other order of the Court entered in connection with these CCAA Proceedings;
  - ii. disclosed to each Auction Bidder;
  - iii. designed, in the Company's business judgment, to result in the highest and otherwise best offer; and
  - iv. approved by the Monitor.
- e. Except as otherwise permitted in the Company's discretion, only the Company, the Sales Advisor, the Monitor and the Auction Bidders, and in each case their respective professional advisors, shall be entitled to attend the Auction. All Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present at the Auction.
- f. The Company shall arrange for the actual bidding at the Auction to be transcribed or recorded. Each Auction Bidder participating in the Auction shall designate a single individual to be its spokesperson during the Auction.
- g. Each Auction Bidder must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Company, or any other person, regarding the SISP, that has not been disclosed to all other Auction Bidders.
- h. Only the Auction Bidders will be entitled to make any Subsequent Bids (as defined below) at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder's Qualified Bid, shall nevertheless remain fully enforceable against such Qualified Bidder if it is selected as the Winning Bid (as defined below).
- i. All Subsequent Bids presented during the Auction shall be made and received in one room on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction

Bidders at the Auction and that all material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction.

- j. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (a "**Subsequent Bid**") that the Company determines is (A) for the first round, a higher or otherwise better offer than the Starting Bid, and (B) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below); in each case by at least the Minimum Incremental Overbid (as defined below).
- k. Each bid at the Auction shall provide incremental value of at least \$250,000 (the "**Minimum Incremental Overbid**") over the Starting Bid or the Leading Bid, as the case may be. A Subsequent Bid, increased by at least the Minimum Incremental Overbid, may be increased through any of: (a) in the case of the Stalking Horse Bidder, the further reduction of Debentureholder Debt or Interim Financing Obligations; and in the case of any Subsequent Bid, including a bid by the Stalking Horse Bidder: (b) the payment of additional cash; or (c) the assumption of an ascribed monetary value of Total Deemed Liabilities (as defined and determined below):
  - i. "**Total Deemed Liabilities**" shall mean the Company's proportionate share (as determined in accordance with its working interest) of total deemed liabilities associated with the Property, as determined by the Alberta Energy Regulator, and as set-forth on the well-list provided by the Company with respect to the Opportunity, which well-list shall be posted in the VDR. The Company shall also provide a copy of the well-list to Auction Bidders at the commencement of the Auction. For greater clarity, Auction Bidders may only add Total Deemed Liabilities associated with Property located in Alberta to their Minimum Incremental Overbid.
  - ii. If an Auction Bidder includes Total Deemed Liabilities into a Minimum Incremental Overbid, they must specifically identify the well license number associated with the Total Deemed Liabilities during the Auction.
- l. After the first round of bidding and between each subsequent round of bidding, the Company shall announce the bid, or combination of bids, (including the value, the amount of assumed Total Deemed Liabilities, if any, and material terms thereof) that it believes to be the highest or otherwise best offer(s) (the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid in that round.
- m. The Stalking Horse Bidder shall be permitted, in its sole discretion, to submit Subsequent Bids, provided however, that such Subsequent Bids are made in accordance with these Auction rules.

- n. To the extent not previously provided (which shall be determined by the Company), an Auction Bidder submitting a Subsequent Bid must submit, at the Company's discretion, as part of its Subsequent Bid, written evidence (in the form of financial disclosure or credit-quality support information reasonably acceptable to the Company), demonstrating such Auction Bidder's financial wherewithal and ability to close the transaction proposed by the Subsequent Bid. If the Stalking Horse Bidder submits a Subsequent Bid, this paragraph shall only apply to the Stalking Horse Bidder if the cash portion of the Purchase Price in the Stalking Horse Bidder's Subsequent Bid is in excess of the cash portion of the Purchase Price in the Stalking Horse APA.
  - o. The Company reserves the right, in consultation with the Sales Advisor and the Monitor, to make one or more adjournments in the Auction of not more than 24 hours each, to among other things (i) facilitate discussions between the Company and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer(s) at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Company with such additional evidence as the Company, in its reasonable business judgment, may require that that Auction Bidder (including, as may be applicable, the Stalking Horse Bidder) has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Leading Bid amount.
  - p. If, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed.
  - q. The Auction shall be closed within 5 Business Days of the start of the Auction unless extended by the Company, in consultation with the Sales Advisor and the Monitor.
  - r. No bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
37. At the end of the Auction, the Company, in consultation with the Sales Advisor and the Monitor, shall select the winning bid, or combination of winning bids, as the case may be (the "**Winning Bid**"). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid (the "**Selected Superior Offer(s)**") in accordance with the provisions hereof, the Selected Superior Offer shall be the "**Successful Bid(s)**" hereunder and the person(s) who made the Selected Superior Offer shall be the "**Successful Bidder(s)**" hereunder. If the Successful Bidder is a party other than the Stalking Horse Bidder, the Company shall pay the Stalking Horse Bidder the Break Fee from the proceeds of the Successful Bid.
38. Notwithstanding anything in this SISP to the contrary, if an Auction is conducted, the Qualified Bidder with the next highest or otherwise best Qualified Bid at the Auction, as determined by the Company, will be designated as the backup bidder (the "**Backup**

**Bidder**"); provided that the Stalking Horse Bidder shall not be a Backup Bidder, unless it elects to provide a Minimum Incremental Overbid in the Auction. The Backup Bidder shall be required to keep its initial Qualified Bid, or if the Backup Bidder submitted one or more Minimum Incremental Overbids at the Auction, the Backup Bidder's final Minimum Incremental Overbid (the "**Backup Bid**"), open until the earlier of: i) two Business Days after the date of closing of the Successful Bid, and ii) the Outside Date.

### Approval Motion

39. The Company shall apply to the Court (the "**Approval Motion**") for an order (the "**Sale Approval and Vesting Order**") approving the Successful Bid, the Successful Additional Bid (if applicable), and the Backup Bid (if applicable), and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bidder, the Successful Additional Bidder, and/or the Backup Bidder, as the case may be, as well as an order vesting title to the Property subject to such bid or bids in the name of the Successful Bidder, the Successful Additional Bidder, and/or the Backup Bidder as the case may be.
40. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Company. The Approval Motion may be adjourned or rescheduled by the Company without further notice by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion.
41. All Qualified Bids and Subsequent Bids (other than the Successful Bid, the Successful Additional Bid, and/or the Backup Bid, as the case may be) shall be deemed rejected on and as of the date and granting of the Sale Approval and Vesting Order by the Court, but not before, and shall remain open for acceptance until that time.

### Deposits

42. All Deposits shall be retained by the Monitor and invested in a non-interest bearing trust account. If there is a Successful Bid or a Successful Additional Bid, the Deposit (plus accrued interest) paid by the Successful Bidder or Successful Additional Bidder, whose bid is approved at the Approval Motion, shall be applied to the purchase price to be paid by the Successful Bidder or the Successful Additional Bidder, as the case may be, upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as either a Successful Bidder or a Successful Additional Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Sale Approval and Vesting Order is granted by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which this SISF is terminated in accordance with these procedures.

### Approvals

43. 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.

### **Confidentiality**

44. Other than as shall be required in connection with any Auction or Approval Motion, neither the Company, the Sales Advisor, nor the Monitor will share: i) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder), or ii) the terms of any bid, Sale Proposal, Investment Proposal or Qualified Bid (other than the Stalking Horse APA), with any other bidder (including, without limitation, the Stalking Horse Bidder) without the express written consent of such party (including by way of e-mail).

### **Further Orders**

45. At any time during the SISP, the Company, the Sales Advisor, or the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP or the discharge of their respective powers and duties hereunder.

### **Amendments**

46. This SISP shall be interpreted so as to comply and be consistent with any applicable laws, regulations or public health directives related to the COVID-19 pandemic, and may be amended at any time with the approval of the Monitor to the extent necessary or advisable to comply with same.
47. The Company shall have the right, in consultation with the Sales Advisor and the Monitor, to modify the SISP and the deadlines set out herein if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP.

## **SCHEDULE "A"**

### **NOTICE**

#### **TO THE COMPANY:**

Bow River Energy Ltd.  
500, 321-6<sup>th</sup> Ave S.W.  
Calgary, AB T2P 4J2  
Attention: Daniel Belot  
Phone: (403) 803-9612  
Fax: (403) 475-4101  
Email: daniel.belot@bowriverenergy.com

#### **TO THE SALES ADVISOR:**

Sayer Energy Advisors  
1620, 540 5 Ave S.W.  
Calgary, AB T2P 0M2  
Attention: Tom Pavic  
Phone: (403) 266-6133  
Fax: (403) 266-4467  
Email: TPavic@sayeradvisors.com

#### **TO THE MONITOR:**

BDO Canada Limited  
110, 5800 – 2<sup>nd</sup> Street SW  
Calgary, AB T2H 0H2  
Attention: Marc Kelly  
Phone: (403) 777-9999  
Fax: (403) 640-0591  
Email: makelly@bdo.ca

## **SCHEDULE "B"**

### **TIME LINE**

<b>Event</b>	<b>Date</b>
Publication of Opportunity and SISP by Sales Advisor, Company and posting on Monitor's Website	As soon as practical following the granting of the SISP Approval Order
Sales Advisor and Company to Distribute Teaser to Potential Bidders	As soon as practical following the granting of the SISP Approval Order
Sales Advisor and Company to prepare CIM and VDR for Potential Bidders	As soon as practical following the granting of the SISP Approval Order
<b>FINAL BID DEADLINE</b>	<b>AUGUST 24, 2020</b>
Notification sent to Qualified Bidders if they submitted a Qualified Bid	5 Business Days Following the Final Bid Deadline
Approval Motion of Stalking Horse APA if no Superior Offers received	As soon as practical following the Final Bid Deadline
Notice to Superior Bidders of Intention to Participate in Auction (If Required)	September 4, 2020
Superior Bidders to Notify of Intention to Participate in Auction (If Required)	September 9, 2020
<b>AUCTION (If Required)</b>	<b>SEPTEMBER 11, 2020</b>
Approval Motion of Successful Bid and/or Successful Additional Bid	As soon as practical following the Auction, or in the case of a Successful Additional Bid, the Final Bid Deadline



**SCHEDULE "C"**  
**STALKING HORSE APA**

THE FOLLOWING COMPRISES SCHEDULE “H” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

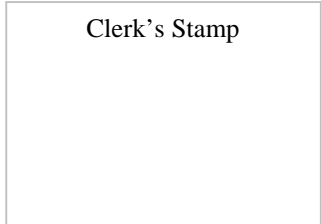
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**FORM OF SALE PROCESS ORDER**

COURT FILE NUMBER    **2001-06997**

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 THE COMPROMISE OR ARRANGEMENT OF BOW RIVER ENERGY LTD.

DOCUMENT                      **ORDER: APPROVAL OF SISP ADVISOR, STALKING HORSE & SISP**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT                      Robyn Gurofsky/Jessica Cameron  
Borden Ladner Gervais LLP  
1900, 520 3<sup>rd</sup> Ave. S.W.  
Calgary, AB T2P 0R3  
Telephone: (403) 232-9774/9715  
Facsimile: (403) 266-1395  
Email: [rgurofsky@blg.com](mailto:rgurofsky@blg.com)  
[jcameron@blg.com](mailto:jcameron@blg.com)  
File No. 441275/000025

**DATE ON WHICH ORDER WAS PRONOUNCED: July 24, 2020**

**LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta**

**NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice G.A. Campbell**

**UPON** the application of Bow River Energy Ltd. (the “**Applicant**”); **AND UPON** having read the Application, the Affidavit of Daniel G. Belot sworn July 17, 2020 (the “**Third Belot Affidavit**”),

and the Affidavit of Service of Stella Kim sworn July , 2020; **AND UPON** having read the Second Report of the Monitor, dated July , 2020; **AND UPON** reviewing the amended and restated initial order granted in the within proceedings by the Honourable Mister Justice Jeffrey on June 10, 2020 (the “**ARIO**”); **AND UPON** having reviewed the pleadings and proceedings previously filed in the within CCAA proceedings; **AND UPON** hearing counsel for the Applicant, the Monitor, and any other parties present at the Application;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The time for service of this application together with all supporting materials is hereby declared to be good and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms used by not otherwise defined herein shall have the meanings ascribed to them in the sales and investment solicitation process (“**SISP**”) attached hereto as **Schedule “A”**.

**APPROVAL OF SISP ADVISOR**

3. The engagement letter between Sayer Energy Advisors (the “**SISP Advisor**”) and the Applicant dated June 8, 2020, and as attached to the Third Belot Affidavit as Confidential Exhibit “2” (the “**Engagement Letter**”) is hereby approved. The Applicant is hereby authorized and directed to do all things as are reasonably necessary to conduct and give effect to the Engagement Letter and carry out its obligations thereunder, including payment of amounts due to be paid pursuant to the terms of the Engagement Letter.

**APPROVAL OF STALKING HORSE & SISP**

4. The Asset Purchase and Sale Agreement between the Applicant and 2270943 Alberta Ltd. (“**227**”), dated July NTD, 2020 (the “**Stalking Horse APA**”), is hereby approved. The Applicant is authorized and directed to do all things as are reasonably necessary to conduct and give effect to the Stalking Horse APA, and to take such additional steps and execute such additional documents and make such minor amendments to the Stalking Horse APA

as may be necessary or desirable for the completion of the terms of the Stalking Horse APA.

5. The Applicant is hereby authorized and directed to perform or cause to be performed the covenants of the Stalking Horse APA substantially in accordance with its terms, subject to such amendments as the Applicant and 227 may approve which do not materially and adversely affect the terms therein or of the SISP.
6. The Break Fee as defined in the Stalking Horse APA is hereby approved and the Applicant is authorized and directed to pay the Break Fee in the manner and circumstances described therein.
7. The Applicant shall be at liberty to apply for an Order vesting title to the Purchased Assets (as defined in the Stalking Horse APA) in the Winning Bidder in accordance with, and as defined in, the SISP.
8. The SISP, as attached hereto as **Schedule “A”**, is hereby approved. Each of the Applicant, the SISP Advisor, and the Monitor are hereby authorized and directed to implement the SISP and do all things as are reasonably necessary to conduct and give full effect to the SISP and carry out their respective obligations thereunder.
9. Each of the Monitor and the SISP Advisor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor or the SISP Advisor, as applicable, in performing their obligations under the SISP.
10. In connection with the SISP and pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Applicant, the SISP Advisor and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a **“Transaction”**). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use

of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicant, the SISP Advisor or the Monitor, as applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant, the SISP Advisor or the Monitor, as applicable, or ensure that other personal information is destroyed.

### **SEALING ORDER**

11. Confidential Exhibit “2” to the Third Belot Affidavit (the “**Confidential Exhibit**”) shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*.

12. The Clerk of the Court shall file the Confidential Exhibit in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED IN COURT FILE NO. 2001-06997. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE JUSTICE CAMPBELL ON JULY 24, 2020.

13. The Applicant is empowered and authorized, but not directed, to provide the Confidential Exhibit (or any portion thereof, or information contained therein) to any interested party, entity or person that the Applicant considers reasonable in the circumstances, subject to confidentiality arrangements satisfactory to the Applicant.

### **MISCELLANEOUS MATTERS**

14. Service of this Order shall be deemed good and sufficient by serving the same on the persons listed on the Service List (attached as Schedule “A” to the Application) and by

posting a copy of this Order to the Monitor's Website at: <https://www.bdo.ca/en-ca/extranets/bowriver/>.

15. No other persons are entitled to be served with a copy of this Order.

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Justice of the Court of Queen's Bench of Alberta

THE FOLLOWING COMPRISES SCHEDULE “I” ATTACHED TO AND FORMING PART OF AN ASSET PURCHASE AGREEMENT DATED THE 17<sup>TH</sup> DAY OF JULY, 2020 BETWEEN BOW RIVER ENERGY LTD. AND 2270943 ALBERTA LTD.

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### Contracts

#### PROCESSING CONTRACTS

Agreement Date	Agreement Description	Area	Processor Name	Producer Name
01-Apr-19	Fuel Gas, Compression and Transport Agreement	Fleeing Horse	Westlake Energy Corp.	Bow River Energy
01-Apr-19	Gas Handling Agreement	Provost Area	Surge Energy Inc.	Bow River Energy

#### MARKETING CONTRACTS

Agreement Date	Marketing Agreement Type	Area	Buyer Name	Seller Name
01-Jan-18	Oil Sales	Fleeing Horse	Flint Hills Resources Canada LP	Bow River Energy
01-Jun-19	Oil Sales	Black Creek	Repsol Canada Energy Partnership	Bow River Energy
01-Aug-17	Fuel Gas Purchase	Fleeing Horse	Bow River Energy	Natural Gas Co-op 52 Ltd.

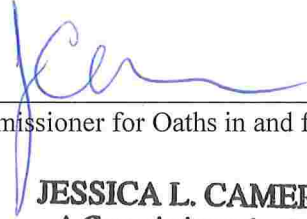
#### WELL INJECTION CONTRACTS

Agreement Date	Agreement Name	Area	Grantor	Grantee
01-Jan-19	Service Well Agreement	Provost Area	Heritage Royalty Resource Corp.	Bow River Energy

#### SEISMIC LICENSE AGREEMENT

Agreement Date	Agreement Name	Area	Licensor	Licensee
16-May-17	Seismic Licence Agreement	Provost Area	Husky Oil Operations	Bow River Energy

This is Exhibit "F" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
**A Commissioner for Oaths**  
**in and for Alberta**  
**Lawyer, Notary Public**



**Procedure for the Sales and Investment Solicitation Process of  
Bow River Energy Ltd.**

1. On June 1, 2020 (the “**Filing Date**”), Bow River Energy Ltd. (the “**Company**”) obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985 c C-36, as amended (the “**CCAA**”) from the Alberta Court of Queen's Bench (the “**Court**”). Among other things, the Initial Order granted an initial stay of proceedings in respect of the Company up to and including June 10, 2020 (the “**Stay**”) and appointed BDO Canada Limited as the monitor (the “**Monitor**”) of the Company’s proceedings under the CCAA (the “**CCAA Proceedings**”).
2. On June 10, 2020, the Company obtained an amended and restated initial order from the Court (the “**Amended and Restated Initial Order**”), which, among other things, extended the Stay up to and including July 31, 2020.
3. On July 24, 2020, the Company obtained an order from the Court (the “**Sales Process Order**”), which, among other things, approved the procedures for the sales and investment solicitation process of the Company (the “**SISP**”).
4. Set forth below is the procedure to be followed with respect to the SISP to be undertaken to seek a Successful Bid (as defined below), and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

**Defined Terms**

5. All monetary references shall be in Canadian dollars, unless otherwise stated.
6. In these SISP Procedures:

"**Break Fee**" means the amount of \$175,000;

"**Business**" means the business presently carried on by the Company;

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

"**CCAA Charges**" means the charges created by the Amended and Restated Initial Order and the Interim Lender’s Order that rank in priority to the Debentureholder Security, totaling a maximum aggregate value of \$1.8 million, comprised of:

- (a) the Administration Charge up to a maximum aggregate value of \$300,000;
- (b) the Interim Lender’s Charge up to a maximum aggregate value of \$1.1 million; and
- (c) the Directors & Officers’ Charge up to a maximum aggregate value of \$400,000;

"**CCAA Obligations**" means the indebtedness, liabilities and obligations secured by the CCAA Charges;

“**Cure Costs**” means the debt owed by the Company to bring unpaid mineral and surface leases into good standing, in order to effect an assignment of such leases to a Successful Bidder (as defined below);

“**Debentures**” means the secured subordinated debentures issued by the Company on: i) May 15, 2017, accruing interest at a rate of 16%, ii) May 30, 2018, accruing interest at a rate of 15%, and iii) May 31, 2018 and July 19, 2018, accruing interest at a rate of 15%, respectively;

“**Debentureholders**” means the holders of the Debentures;

“**Debentureholder Debt**” means the debt owed by the Company to the Debentureholders pursuant to the Debentures, including all principal, interest and costs totaling \$4,183,221.00, with interest and costs continuing to accrue;

“**Debentureholder Security**” means the security which secures the Debentureholder Debt;

“**Interim Financing Obligations**” means the Initial Advance made to the Company pursuant to the Interim Financing Term Sheet in the amount of \$260,000, together with any additional amount advanced to the Company thereunder up to the maximum aggregate amount of \$1.1 million;

“**Interim Financing Term Sheet**” means the Term Sheet entered into by the Company and the Interim Lender or Interim Lenders (as defined therein) and approved by the Court on July 24, 2020;

“**Interim Lender’s Order**” means the Order granted by the Court on July 24, 2020 approving the Interim Financing Term Sheet and the Interim Financing Obligations;

“**Outside Date**” means October 31, 2020;

“**Prior Charges**” means all claims against the Company or its Property that rank in priority to the Debentureholder Security, including all outstanding non-linear property taxes owing in respect of the Property contained in the Stalking Horse APA (which non-linear property taxes are an estimated \$107,000), and which do not include the Cure Costs or the CCAA Obligations;

“**Property**” means all of the Company’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof;

“**Sales Advisor**” means Sayer Energy Advisors;

“**Stalking Horse APA**” means the Asset Purchase and Sale Agreement between the Company and the Stalking Horse Bidder, dated July 17, 2020;

“**Stalking Horse Bidder**” means 2270943 Alberta Ltd.;

"**Superior Offer**" means a credible, reasonably certain and financially viable third party offer, or combination of offers, for: A) the acquisition of all, substantially all, or certain of, the Property or Business contained in the Stalking Horse APA, or B) an investment, restructuring, recapitalization, refinancing or other form of reorganization of the Company, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APA, and which at a minimum, alone, or in combination with other offers, includes:

- i) a payment in cash in excess of \$250,000 of the aggregate of the total consideration payable pursuant to the Stalking Horse APA, being \$4,433,221.00,
- ii) a payment in cash in the amount necessary to fully pay the Break Fee, the CCAA Obligations, and the Interim Financing Obligations, as at the closing of such transaction, and
- iii) a payment in cash or an assumption of liabilities to satisfy any and all Cure Costs and Prior Charges, as at the closing of such transaction, which amount with respect to the Stalking Horse APA is estimated to be \$298,000.

#### **Stalking Horse APA**

7. This SISP is intended to solicit interest in, and opportunities for (the "**Opportunity**" (i) a sale, or partial sales of, all, substantially all, or certain of, the Property of the Company or its Business, whether through an asset purchase, share purchase or a combination thereof ("**Sale Proposal**"), or (ii) for an investment in, restructuring, recapitalization, reorganization or refinancing of the Company or its Business ("**Investment Proposal**"), or a combination thereof).
8. The Company has entered into the Stalking Horse APA with the Stalking Horse Bidder, pursuant to which, if there is no Successful Bid (as defined below) from a party other than the Stalking Horse Bidder, the Stalking Horse Bidder will acquire certain of the Company's Property, as more particularly detailed in the Stalking Horse APA. The Stalking Horse APA is attached hereto as **Schedule "C"**.
9. The Stalking Horse APA shall constitute a Qualified Bid for all purposes and at all times under this SISP.
10. Notwithstanding the execution of the Stalking Horse APA, all interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to this SISP, including as a Sale Proposal or an Investment Proposal.
11. Certain bid protections, such as the Break Fee and expense reimbursement, have been approved in respect of the Stalking Horse APA, subject to the conditions set forth therein, by the Court pursuant to the SISP Approval Order. No other bidder may request or receive any form of bid protection as part of any offer made pursuant to this SISP.

#### **SISP Procedure**

12. The SISP set forth herein describes, among other things, the Property and the Business available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the Court's approval thereof. The Company, in consultation with both the Monitor and the Sales Advisor, shall administer the SISP. In the event that there is disagreement as to the interpretation or application of the SISP, the Court will have jurisdiction to hear and resolve such dispute.
13. The Company will use its reasonable efforts to complete the SISP in accordance with the timelines as set out in **Schedule "B"** hereto. The Company, in consultation with the Monitor and the Sales Advisor, shall be permitted to make such adjustments to the timeline that it determines are reasonably necessary.

**"As Is, Where Is"**

14. The sale of the Property and the Business 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 Company or any of its agents, except to the extent set forth in the relevant final sale agreement with a Successful Bidder. The representations, warranties, covenants or indemnities shall not be materially more favourable than those set out in the Stalking Horse APA, except to the extent additional tangible monetary value of an equivalent amount is provided for such representations, warranties, covenants or indemnities.

**Free of Any and All Claims and Interests**

15. In the event of a sale(s), all of the rights, title and interests of the Company in and to the Property and the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively the "**Claims and Interests**"), such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to an approval and vesting order made by the Court, upon the application of the Company, except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder. The vesting out of Claims and Interests by a Successful Bidder other than the Stalking Horse Bidder shall not be materially more favourable to the Successful Bidder than those set out in the Stalking Horse APA, except to the extent additional tangible monetary value of an equivalent amount is provided for the vesting out of such Claims and Interests.

**Publication of Notice and Teaser**

16. As soon as reasonably practicable after the granting of the SISP Approval Order by the Court,
  - a. the Sales Advisor shall cause a notice of the SISP and such other relevant information which the Sales Advisor, in consultation with the Company and the Monitor, considers appropriate, to be published in the *BOE Report*, the *Daily Oil*

*Bulletin*, the *Calgary Herald*, and such other publications as the Sales Advisor may consider appropriate; and

- b. the Company shall issue a press release setting out the notice and such other relevant information regarding the Opportunity with Canada Newswire, designating dissemination in Canada and shall invite bids from interested parties.
17. A non-confidential teaser letter prepared by the Sales Advisor, in consultation with the Company (the "**Teaser**"), describing the Opportunity and the SISP will be made available by the Sales Advisor and the Company to prospective purchasers and will be posted on the Monitor's website as soon as practicable following the issuance of the SISP Approval Order.
18. A Confidential Information Memorandum ("**CIM**") describing the opportunity to acquire the Property and the Business will be made available by the Sales Advisor, in consultation with the Company, to prospective purchasers that have executed a non-disclosure agreement with the Company, in a form satisfactory to the Company, and as more particularly set-forth below.
19. The Company, with the assistance of the Sales Advisor, will also populate an electronic data room (the "**VDR**") with detailed listings, photographs, technical specifications and other information required for prospective purchasers to perform due diligence on the Property and the Business.

#### **Participation Requirements**

20. In order to participate in the SISP, each person interested in bidding on the Property and the Business (a "**Potential Bidder**") must deliver to the Sales Advisor at the address specified in **Schedule "A"** hereto (the "**Notice Schedule**") (including by email or fax transmission), and prior to the distribution of any confidential information by the Company or Sales Advisor to a Potential Bidder (including the CIM and access to the VDR), an executed non-disclosure agreement in form and substance satisfactory to the Company, which shall inure to the benefit of any Successful Bidder that closes a transaction contemplated by the Successful Bid (as defined below).
21. A Potential Bidder that has executed a non-disclosure agreement, as described above and who the Company, in consultation with the Sales Advisor and the Monitor, determines has a reasonable prospect of completing a transaction contemplated herein, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by the Sales Advisor. For the avoidance of doubt, the Stalking Horse Bidder is a Qualified Bidder.

#### **Due Diligence**

22. The Sales Advisor shall provide any person deemed to be a Qualified Bidder with a copy of the CIM and access to the VDR and the Company shall provide to Qualified Bidders further access to such reasonably required due diligence materials and information relating to the Property and the Business as the Company, in consultation with the Sales Advisor

and the Monitor, deems appropriate, including virtual presentations by the Company and access to further information in the VDR.

23. The Company, the Sales Advisor, the Monitor and their respective advisors, make no representation or warranty as to the information contained in the CIM, the VDR, or other information to be provided through the due diligence process or otherwise, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Company and approved by the Court.

### **Seeking Qualified Bids from Qualified Bidders**

24. A Qualified Bidder that desires to make a bid for the Property or Business must deliver written copies of a final, binding proposal (the "**Final Bid**") in the form of a fully executed purchase and sale agreement to the Sales Advisor, with copies to the Company and the Monitor, at the addresses specified in **Schedule "A"** hereto (including by email or fax transmission) so as to be received by it not later than 12:00 p.m. Calgary time on August 24, 2020, or such other date or time as may be agreed by the Company with the consent of the Monitor (the "**Final Bid Deadline**").

### **Qualified Bids**

25. A Final Bid will be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder and the Final Bid complies with, among other things, the following (a "**Qualified Bid**"):
- (a) it contains
    - (i) a duly executed purchase and sale agreement based on the form of template purchase and sale agreement posted to the VDR (the "**Template PSA**");
    - (ii) a blackline of the executed purchase and sale agreement to the Template PSA; and
    - (iii) a blackline of the executed purchase and sale agreement to the Stalking Horse APA, if it is a bid for any of the Property that is subject to the Stalking Horse APA.;
  - (b) it includes a letter stating that the Final Bid is irrevocable until there is a Selected Superior Offer (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its Final Bid shall remain an irrevocable offer until the earlier of (i) the completion of the sale to the Successful Bidder and (ii) the Outside Date;
  - (c) it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing;
  - (d) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;

- (e) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form of payment acceptable to the Monitor, payable to the order of the Monitor, in trust for the Company, in an amount equal to 10% of the total consideration in the Qualified Bid to be held and dealt with in accordance with this SISP;
  - (f) it is not conditional upon:
    - (i) the outcome of unperformed due diligence by the Qualified Bidder, and/or
    - (ii) obtaining financing;
  - (g) it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);
  - (h) it contains an agreement that the Qualified Bidder submitting such bid, if not chosen as the Successful Bidder, shall serve, without modification to such bid, as a Backup Bidder (as defined below), in the event the Successful Bidder fails to close, provided, however, that the Stalking Horse Bidder shall not be required to serve as Backup Bidder, except to the extent that the Stalking Horse Bidder elects to submit a Minimum Incremental Overbid (as defined below) in the Auction;
  - (i) the bid shall result in any beneficiaries of Cure Costs associated with Properties subject to the bid, receiving on the closing of the transaction contemplated thereby, immediately available funds or an assumption of liabilities in an amount sufficient to indefeasibly settle in full all of the associated Cure Costs, which claims shall be calculated as of the date of such closing;
  - (j) if it is a bid for the Property that is included in the Stalking Horse APA, or a portion thereof, the aggregate consideration to be paid by the Qualified Bidder, alone, or in combination with other Qualified Bids, exceeds, by an amount of \$250,000, the aggregate of the total consideration payable pursuant to the Stalking Horse APA, being \$4,433,221.00, and the Break Fee;
  - (k) if it is a bid for the Property that is included in the Stalking Horse APA, or a portion thereof, the bid, or bids as the case may be, shall contain immediately available funds which in the aggregate equal the amounts of: the CCAA Obligations, the Interim Financing Obligations, and the Debentureholder Debt, which claims shall be calculated as of the date of such closing(s), and immediately available funds or an assumption of liabilities in an amount sufficient to indefeasibly settle in full all of the associated Prior Charges; and
  - (l) it is received by the Final Bid Deadline.
26. The Company, with the consent of the Monitor, may waive compliance with any one or more of the requirements specified herein and deem any non-compliant bid to be a Qualified Bid.

27. The Sales Advisor, in consultation with the Company and the Monitor, may, following the receipt of any bid, seek clarification with respect to any of the terms or conditions of such bid and/or request and negotiate one or more amendments to such bid prior to determining if the bid should be considered a Qualified Bid.
28. The Sales Advisor shall notify each Qualified Bidder in writing as to whether its bid constitutes a Qualified Bid within five Business Days of the Final Bid Deadline, or at such later time as the Company, in consultation with the Sales Advisor and the Monitor, deem appropriate.

#### **Stalking Horse APA**

29. Pursuant to the Stalking Horse APA, the Stalking Horse Bidder shall provide to the Company a cash deposit equivalent to ten percent (10%) of the Prior Charges, within five (5) Business Days of the approval of this SISF through the Sales Process Order, to be treated in accordance with the Stalking Horse APA.
30. The purchase price for the Property and the Business identified in the Stalking Horse APA includes: (i) a non-cash credit bid in the amount of \$4,183,221.00, as specified in the Stalking Horse APA resulting in that portion of the Debentureholder Debt and Interim Financing Obligations being satisfied in exchange for the acquisition of certain of the Property by the Stalking Horse Bidder; and (ii) consideration in an amount sufficient to (a) pay in full in cash on closing, or through the assumption of liabilities, all Prior Charges; (b) pay in full in cash on closing, the CCAA Obligations; (c) pay in full in cash on closing, or through the assumption of liabilities, the Cure Costs.

#### **No Superior Offers**

31. If none of the Qualified Bids, or combination thereof, received constitute a Superior Offer, the Company shall promptly apply to the Court for an order approving the Stalking Horse APA and vesting title to the Property subject to the Stalking Horse APA in the name of the Stalking Horse Bidder.

#### **Selection of Additional Successful Bid**

32. If none of the Qualified Bids received relate to the same Property subject to the Stalking Horse APA (an “**Additional Bid**”),
  - a. the Company shall, as soon as practicable, apply to the Court for an order approving the Stalking Horse APA and vesting title to the Property subject to the Stalking Horse APA in the name of the Stalking Horse Bidder, and
  - b. the Company, in consultation with the Sales Advisor and the Monitor, shall review and evaluate each Additional Bid and identify the highest or otherwise best bid (the “**Successful Additional Bid**” and the Qualified Bidder making such Successful Additional Bid the “**Successful Additional Bidder**”).



33. Any Successful Additional Bid shall be subject to approval by the Court in accordance with paragraph 39 hereof.

**If a Superior Offer is Received**

34. If the Company determines, in consultation with the Sales Advisor and the Monitor, that one or more, or a combination thereof, of the Qualified Bids constitutes a Superior Offer, the Company shall provide the parties making Superior Offers and the Stalking Horse Bidder the opportunity to make further bids through the auction process set out below (the "**Auction**").
35. The Sales Advisor will provide unredacted copies of the Qualified Bid(s) which the Company believes is (individually or in the aggregate) the highest or otherwise best Qualified Bid(s) (the "**Starting Bid**") to the Stalking Horse Bidder and to all Qualified Bidders that have made a Superior Offer, prior to 5:00 p.m. (MST) on September 4, 2020. Prior to 12:00 p.m. (MST) on September 9, 2020, each Qualified Bidder that has made a Superior Offer and the Stalking Horse Bidder, must inform the Company and the Sales Advisor whether it intends to participate in the Auction (the parties who so inform the Company and the Sales Advisor that they intend to participate are hereinafter referred to as the "**Auction Bidder(s)**").

**Auction**

36. In the event that the Auction is required in accordance with the terms of this SISP, it shall be conducted in accordance with the procedures set forth in this paragraph:
- a. The Auction shall commence at 10:00 a.m. (Calgary time) on September 11, 2020, at the Calgary offices of Borden Ladner Gervais LLP, being 1900 520-3<sup>rd</sup> Avenue SW, Calgary Alberta, or such other place and time as determined by the Company, in consultation with the Monitor, and that is timely communicated to all entities entitled to attend at the Auction, and continue thereafter until completed, subject to such adjournments as the Company, in consultation with the Monitor, may consider appropriate.
  - b. Notwithstanding the foregoing, if circumstances do not permit the Auction to be held in person, the Company shall work in good faith with the parties entitled to attend the Auction to arrange for the Auction to be held via videoconference or teleconference, or such other reasonable means as the Company deems appropriate.
  - c. The Company reserves the right to cancel or postpone the Auction, in consultation with the Sales Advisor and the Monitor.
  - d. Except as otherwise set forth herein, the Company may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are:

- i. not inconsistent with the Amended and Restated Initial Order, the SISP, the CCAA, or any other order of the Court entered in connection with these CCAA Proceedings;
  - ii. disclosed to each Auction Bidder;
  - iii. designed, in the Company's business judgment, to result in the highest and otherwise best offer; and
  - iv. approved by the Monitor.
- e. Except as otherwise permitted in the Company's discretion, only the Company, the Sales Advisor, the Monitor and the Auction Bidders, and in each case their respective professional advisors, shall be entitled to attend the Auction. All Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present at the Auction.
- f. The Company shall arrange for the actual bidding at the Auction to be transcribed or recorded. Each Auction Bidder participating in the Auction shall designate a single individual to be its spokesperson during the Auction.
- g. Each Auction Bidder must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Company, or any other person, regarding the SISP, that has not been disclosed to all other Auction Bidders.
- h. Only the Auction Bidders will be entitled to make any Subsequent Bids (as defined below) at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder's Qualified Bid, shall nevertheless remain fully enforceable against such Qualified Bidder if it is selected as the Winning Bid (as defined below).
- i. All Subsequent Bids presented during the Auction shall be made and received in one room on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders at the Auction and that all material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction.
- j. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (a "**Subsequent Bid**") that the Company determines is (A) for the first round, a higher or otherwise better offer than the Starting Bid, and (B) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below); in each case by at least the Minimum Incremental Overbid (as defined below).

- k. Each bid at the Auction shall provide incremental value of at least \$250,000 (the "**Minimum Incremental Overbid**") over the Starting Bid or the Leading Bid, as the case may be. A Subsequent Bid, increased by at least the Minimum Incremental Overbid, may be increased through any of: (a) in the case of the Stalking Horse Bidder, the further reduction of Debentureholder Debt or Interim Financing Obligations; and in the case of any Subsequent Bid, including a bid by the Stalking Horse Bidder: (b) the payment of additional cash; or (c) the assumption of an ascribed monetary value of Total Deemed Liabilities (as defined and determined below):
- i. "**Total Deemed Liabilities**" shall mean the Company's proportionate share (as determined in accordance with its working interest) of total deemed liabilities associated with the Property, as determined by the Alberta Energy Regulator, and as set-forth on the well-list provided by the Company with respect to the Opportunity, which well-list shall be posted in the VDR. The Company shall also provide a copy of the well-list to Auction Bidders at the commencement of the Auction. For greater clarity, Auction Bidders may only add Total Deemed Liabilities associated with Property located in Alberta to their Minimum Incremental Overbid.
  - ii. If an Auction Bidder includes Total Deemed Liabilities into a Minimum Incremental Overbid, they must specifically identify the well license number associated with the Total Deemed Liabilities during the Auction.
- l. After the first round of bidding and between each subsequent round of bidding, the Company shall announce the bid, or combination of bids, (including the value, the amount of assumed Total Deemed Liabilities, if any, and material terms thereof) that it believes to be the highest or otherwise best offer(s) (the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid in that round.
- m. The Stalking Horse Bidder shall be permitted, in its sole discretion, to submit Subsequent Bids, provided however, that such Subsequent Bids are made in accordance with these Auction rules.
- n. To the extent not previously provided (which shall be determined by the Company), an Auction Bidder submitting a Subsequent Bid must submit, at the Company's discretion, as part of its Subsequent Bid, written evidence (in the form of financial disclosure or credit-quality support information reasonably acceptable to the Company), demonstrating such Auction Bidder's financial wherewithal and ability to close the transaction proposed by the Subsequent Bid. If the Stalking Horse Bidder submits a Subsequent Bid, this paragraph shall only apply to the Stalking Horse Bidder if the cash portion of the Purchase Price in the Stalking Horse Bidder's Subsequent Bid is in excess of the cash portion of the Purchase Price in the Stalking Horse APA.

- o. The Company reserves the right, in consultation with the Sales Advisor and the Monitor, to make one or more adjournments in the Auction of not more than 24 hours each, to among other things (i) facilitate discussions between the Company and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer(s) at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Company with such additional evidence as the Company, in its reasonable business judgment, may require that that Auction Bidder (including, as may be applicable, the Stalking Horse Bidder) has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Leading Bid amount.
  - p. If, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed.
  - q. The Auction shall be closed within 5 Business Days of the start of the Auction unless extended by the Company, in consultation with the Sales Advisor and the Monitor.
  - r. No bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
37. At the end of the Auction, the Company, in consultation with the Sales Advisor and the Monitor, shall select the winning bid, or combination of winning bids, as the case may be (the "**Winning Bid**"). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid (the "**Selected Superior Offer(s)**") in accordance with the provisions hereof, the Selected Superior Offer shall be the "**Successful Bid(s)**" hereunder and the person(s) who made the Selected Superior Offer shall be the "**Successful Bidder(s)**" hereunder. If the Successful Bidder is a party other than the Stalking Horse Bidder, the Company shall pay the Stalking Horse Bidder the Break Fee from the proceeds of the Successful Bid.
38. Notwithstanding anything in this SISP to the contrary, if an Auction is conducted, the Qualified Bidder with the next highest or otherwise best Qualified Bid at the Auction, as determined by the Company, will be designated as the backup bidder (the "**Backup Bidder**"); provided that the Stalking Horse Bidder shall not be a Backup Bidder, unless it elects to provide a Minimum Incremental Overbid in the Auction. The Backup Bidder shall be required to keep its initial Qualified Bid, or if the Backup Bidder submitted one or more Minimum Incremental Overbids at the Auction, the Backup Bidder's final Minimum Incremental Overbid (the "**Backup Bid**"), open until the earlier of: i) two Business Days after the date of closing of the Successful Bid, and ii) the Outside Date.
- Approval Motion**
39. The Company shall apply to the Court (the "**Approval Motion**") for an order (the "**Sale Approval and Vesting Order**") approving the Successful Bid, the Successful Additional

Bid (if applicable), and the Backup Bid (if applicable), and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bidder, the Successful Additional Bidder, and/or the Backup Bidder, as the case may be, as well as an order vesting title to the Property subject to such bid or bids in the name of the Successful Bidder, the Successful Additional Bidder, and/or the Backup Bidder as the case may be.

40. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Company. The Approval Motion may be adjourned or rescheduled by the Company without further notice by an announcement of the adjourned date at the Approval Motion or in a notice to the Service List prior to the Approval Motion.
41. All Qualified Bids and Subsequent Bids (other than the Successful Bid, the Successful Additional Bid, and/or the Backup Bid, as the case may be) shall be deemed rejected on and as of the date and granting of the Sale Approval and Vesting Order by the Court, but not before, and shall remain open for acceptance until that time.

#### **Deposits**

42. All Deposits shall be retained by the Monitor and invested in a non-interest bearing trust account. If there is a Successful Bid or a Successful Additional Bid, the Deposit (plus accrued interest) paid by the Successful Bidder or Successful Additional Bidder, whose bid is approved at the Approval Motion, shall be applied to the purchase price to be paid by the Successful Bidder or the Successful Additional Bidder, as the case may be, upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as either a Successful Bidder or a Successful Additional Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Sale Approval and Vesting Order is granted by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which this SISIP is terminated in accordance with these procedures.

#### **Approvals**

43. 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.

#### **Confidentiality**

44. Other than as shall be required in connection with any Auction or Approval Motion, neither the Company, the Sales Advisor, nor the Monitor will share: i) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder), or ii) the terms of any bid, Sale Proposal, Investment Proposal or Qualified Bid (other than the Stalking Horse APA), with any other bidder (including, without limitation, the Stalking Horse Bidder) without the express written consent of such party (including by way of e-mail).

#### **Further Orders**

45. At any time during the SISP, the Company, the Sales Advisor, or the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP or the discharge of their respective powers and duties hereunder.

**Amendments**

46. This SISP shall be interpreted so as to comply and be consistent with any applicable laws, regulations or public health directives related to the COVID-19 pandemic, and may be amended at any time with the approval of the Monitor to the extent necessary or advisable to comply with same.
47. The Company shall have the right, in consultation with the Sales Advisor and the Monitor, to modify the SISP and the deadlines set out herein if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP.

## **SCHEDULE "A"**

### **NOTICE**

#### **TO THE COMPANY:**

Bow River Energy Ltd.  
500, 321-6<sup>th</sup> Ave S.W.  
Calgary, AB T2P 4J2  
Attention: Daniel Belot  
Phone: (403) 803-9612  
Fax: (403) 475-4101  
Email: daniel.belot@bowriverenergy.com

#### **TO THE SALES ADVISOR:**

Sayer Energy Advisors  
1620, 540 5 Ave S.W.  
Calgary, AB T2P 0M2  
Attention: Tom Pavic  
Phone: (403) 266-6133  
Fax: (403) 266-4467  
Email: TPavic@sayeradvisors.com

#### **TO THE MONITOR:**

BDO Canada Limited  
110, 5800 – 2<sup>nd</sup> Street SW  
Calgary, AB T2H 0H2  
Attention: Marc Kelly  
Phone: (403) 777-9999  
Fax: (403) 640-0591  
Email: makelly@bdo.ca

**SCHEDULE "B"**

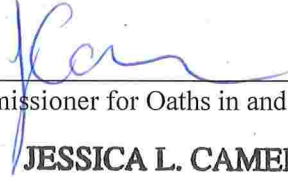
**TIME LINE**

<b>Event</b>	<b>Date</b>
Publication of Opportunity and SISP by Sales Advisor, Company and posting on Monitor's Website	As soon as practical following the granting of the SISP Approval Order
Sales Advisor and Company to Distribute Teaser to Potential Bidders	As soon as practical following the granting of the SISP Approval Order
Sales Advisor and Company to prepare CIM and VDR for Potential Bidders	As soon as practical following the granting of the SISP Approval Order
<b>FINAL BID DEADLINE</b>	<b>AUGUST 24, 2020</b>
Notification sent to Qualified Bidders if they submitted a Qualified Bid	5 Business Days Following the Final Bid Deadline
Approval Motion of Stalking Horse APA if no Superior Offers received	As soon as practical following the Final Bid Deadline
Notice to Superior Bidders of Intention to Participate in Auction (If Required)	September 4, 2020
Superior Bidders to Notify of Intention to Participate in Auction (If Required)	September 9, 2020
<b>AUCTION (If Required)</b>	<b>SEPTEMBER 11, 2020</b>
Approval Motion of Successful Bid and/or Successful Additional Bid	As soon as practical following the Auction, or in the case of a Successful Additional Bid, the Final Bid Deadline



**SCHEDULE "C"**  
**STALKING HORSE APA**

This is Exhibit "G" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

**Robyn Gurofsky**  
T 403-232-9774  
F 403-266-1395  
[rgurofsky@blg.com](mailto:rgurofsky@blg.com)

Borden Ladner Gervais LLP  
Centennial Place, East Tower  
1900, 520 - 3rd Ave SW  
Calgary, AB, Canada T2P 0R3  
T 403.232.9500  
F 403.266.1395  
blg.com



**Jessica Cameron**  
T 403-232-9715  
F 403-266-1395  
[jcameron@blg.com](mailto:jcameron@blg.com)

**File No. 441275.25**

June 4, 2020

**Delivered by Courier/Facsimile**

RioCan YEC Holdings Inc.  
c/o RioCan Real Estate Investment Trust  
#500 2300 Yonge Street  
P.O. Box 2386  
Toronto ON, M4P 1E4  
**Attention: Operations Department**  
Fax: 416-866-8381

**With a Copy to:**  
RioCan Yonge Eglinton Centre  
Property Management Office  
#1008 20 Eglinton Avenue West  
Toronto ON, M4R 1K8  
**Attention: Building Manager**  
Fax: 416-489-7184

Dear Sirs/Mesdames:

**Re: In the Matter of the Compromise or Arrangement of Bow River Energy Ltd.  
Alberta Court of Queen's Bench File Number 2001-06997**

We represent Bow River Energy Ltd. ("**Bow River**") with respect to the above noted proceedings.

Please be advised that on June 1, 2020, Bow River applied to the Court and obtained creditor protection pursuant to an initial order (the "**Initial Order**") granted under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Amongst other things, the Initial Order appointed BDO Canada Limited as the Monitor over Bow River's CCAA proceedings.

Please find enclosed for service upon you a copy of a Notice by Debtor Company to Disclaim or Resiliate an Agreement (the "**Disclaimer Notice**") pursuant to section 32 of the CCAA. In particular, and as more specifically set forth in the Disclaimer Notice, Bow River hereby disclaims the Net Office Lease Agreement

between RioCan YEC Holdings Inc as Landlord and Bow River Energy Ltd as Tenant, dated September 7, 2016 (the “**Lease Agreement**”).

The Lease Agreement is being disclaimed as a result of the fact that the leased premises have not been used in the past several months by Bow River and are presently vacant. Further, the leased premises are not required for Bow River’s ongoing operations and, as a result, the costs associated with the leased premises will not contribute to any restructuring or sale to be undertaken by Bow River in the CCAA proceedings.

We can advise that a comeback hearing is presently scheduled for 2:00 p.m. on June 10, 2020, at which time Bow River will be seeking to extend the stay of proceedings to July 31, 2020. If you would like to be added to the service list respecting Bow River’s CCAA proceedings, please provide us with an e-mail address. In the meantime, the Court materials regarding Bow River’s CCAA proceedings, including the application respecting the comeback hearing, can be accessed online at: <https://www.bdo.ca/en-ca/extranets/bowriver/>.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

**Borden Ladner Gervais LLP**



**Robyn Gurofsky**

Encl.

c.c. Marc E. Kelly and Charla Smith (BDO Canada Limited, Monitor) – via email  
Keely Cameron (Bennett Jones LLP, Counsel to the Monitor) – via email

*Companies' Creditors Arrangement Regulations, SOR/2009-219*

**Form 4**

**Notice by Debtor Company to Disclaim or Resiliate an Agreement**

**To: RioCan YEC Holdings Inc.**  
c/o RioCan Real Estate Investment Trust  
#500 2300 Yonge Street  
P.O. Box 2386  
Toronto ON, M4P 1E4  
Attention: Operations Department  
Fax: 416-866-8381

**With a Copy to:**  
RioCan Yonge Eglinton Centre  
Property Management Office  
#1008 20 Eglinton Avenue West  
Toronto ON, M4R 1K8  
Attention: Building Manager  
Fax: 416-489-7184

**And With a Copy to:**  
The Monitor, BDO Canada Limited (via email)

**TAKE NOTICE THAT:**


Proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985 c C-36, as amended (the "CCAA") in respect of **BOW RIVER ENERGY LTD.** (the "**Debtor Company**") were commenced on June 1, 2020. In accordance with subsection 32(1) of the CCAA, the Debtor Company gives you notice of its intention to disclaim or resiliate the following agreement:

The Net Office Lease Agreement between RioCan YEC Holdings Inc as Landlord and Bow River Energy Ltd as Tenant, dated September 7, 2016, respecting the leased premises at Suite 1905 and comprising approximately 1,195 square feet, located on the 19<sup>th</sup> Floor of Tower A, 20 Eglinton Avenue West, RioCan Yonge Eglinton Centre, Toronto Ontario (the "**Lease Agreement**").

In accordance with subsection 32(2) of the CCAA, any party to the Lease Agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the Lease Agreement and to the Monitor, apply to court for an order that the agreement is not to be disclaimed or resiliated.

In accordance with paragraph 32(5) of the CCAA, if no application for an order is made in accordance with subsection 32(2) of the CCAA, the agreement is disclaimed or resiliated on July 4, 2020 being 30 days after the day on which this notice has been given.

Dated at Calgary, Alberta, this 4<sup>th</sup> day of June, 2020.



**BOW RIVER ENERGY LTD.**

Per: Daniel G. Belot, CFO

The Monitor approves the proposed disclaimer or resiliation.

Dated at Calgary, Alberta, this 4<sup>th</sup> day of June, 2020.

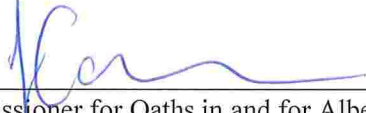


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**BDO CANADA LIMITED**

Per: Marc E. Kelly, Senior Vice President

This is Exhibit "H" referred to  
in the Affidavit of Daniel G. Belot  
Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

**Robyn Gurofsky**  
T 403-232-9774  
F 403-266-1395  
rgurofsky@blg.com

Borden Ladner Gervais LLP  
Centennial Place, East Tower  
1900, 520 - 3rd Ave SW  
Calgary, AB, Canada T2P 0R3  
T 403.232.9500  
F 403.266.1395  
blg.com



**Jessica Cameron**  
T 403-232-9715  
F 403-266-1395  
jcameron@blg.com

**File No. 441275.25**

June 24, 2020

**Delivered by Courier/Facsimile**

Xerox Canada Ltd.  
c/o Xerox Toronto Customer Relations Centre  
#100 1401 Yonge Street  
P.O. Box 222  
Toronto, ON M2P 1N6  
Phone #: 1-800-275-9376

**With a Copy to:**

Xerox Canada Ltd.  
20 York Mills, Suite 500  
Toronto, ON M2P 2C2  
Phone #: 1-800-275-9376

Dear Sirs/Mesdames:

**Re: In the Matter of the Compromise or Arrangement of Bow River Energy Ltd.  
Alberta Court of Queen's Bench File Number 2001-06997**

We represent Bow River Energy Ltd. ("**Bow River**") with respect to the above noted proceedings.

Please be advised that on June 1, 2020, Bow River applied to the Court and obtained creditor protection pursuant to an initial order (the "**Initial Order**") granted under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**"). Amongst other things, the Initial Order appointed BDO Canada Limited as the Monitor over Bow River's CCA proceedings.

Please find enclosed for service upon you a copy of a Notice by Debtor Company to Disclaim or Resiliate an Agreement (the "**Disclaimer Notice**") pursuant to section 32 of the CCA. In particular, and as more specifically set forth in the Disclaimer Notice, Bow River hereby disclaims the Lease Order Agreement (#1-UY88R9) between Xerox Canada Ltd as Xerox and Bow River Energy Ltd as Customer, dated July 25, 2017 (the "**Lease Agreement**").



The Lease Agreement is being disclaimed as a result of the fact that the leased printer has not been used by Bow River for the past several months. Further, the leased printer is not required for Bow River's ongoing operations and, as a result, the costs associated with the leased premises will not contribute to any restructuring or sale to be undertaken by Bow River in the CCAA proceedings.

If you would like to be added to the service list respecting Bow River's CCAA proceedings, please provide us with an e-mail address. In the meantime, the Court materials regarding Bow River's CCAA proceedings, including the application respecting the comeback hearing, can be accessed online at: <https://www.bdo.ca/en-ca/extranets/bowriver/>.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

**Borden Ladner Gervais LLP**



**Robyn Gurefsky**

Encl.

c.c.

Marc E. Kelly and Charla Smith (BDO Canada Limited, Monitor) – via email  
Keely Cameron (Bennett Jones LLP, Counsel to the Monitor) – via email  
Stephanie Grace (Xerox Canada Ltd., Counsel to Xerox) – via email

*Companies' Creditors Arrangement Regulations, SOR/2009-219*

**Form 4**

**Notice by Debtor Company to Disclaim or Resiliate an Agreement**

**To: Xerox Canada Ltd.**  
c/o Xerox Toronto Customer Relations Centre  
#100 1401 Yonge Street  
P.O. Box 222  
Toronto ON, M2P 1N6  
Phone #: 1-800-275-9376

**With a Copy to:**  
Xerox Canada Ltd.  
20 York Mills, Suite 500  
Toronto, Ontario  
M2P 2C2  
Phone #: 1-800-275-9376

**And With a Copy to:**  
The Monitor, BDO Canada Limited (via email)

**TAKE NOTICE THAT:**

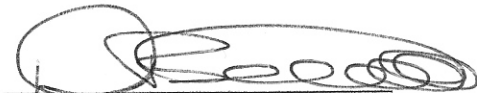
Proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985 c C-36, as amended (the "CCAA") in respect of **BOW RIVER ENERGY LTD.** (the "**Debtor Company**") were commenced on June 1, 2020. In accordance with subsection 32(1) of the CCAA, the Debtor Company gives you notice of its intention to disclaim or resiliate the following agreement:

The Lease Order Agreement between Xerox Canada Ltd as Xerox and Bow River Energy Ltd as Customer, dated July 25, 2017, respecting Agreement #1-UY889R9 at Bow River Energy Ltd, located at 5308 49 Avenue, Provost Alberta (the "**Lease Agreement**").

In accordance with subsection 32(2) of the CCAA, any party to the Lease Agreement may, within 15 days after the day on which this notice is given and with notice to the other parties to the Lease Agreement and to the Monitor, apply to court for an order that the agreement is not to be disclaimed or resiliated.

In accordance with paragraph 32(5) of the CCAA, if no application for an order is made in accordance with subsection 32(2) of the CCAA, the agreement is disclaimed or resiliated on July 24, 2020 being 30 days after the day on which this notice has been given.

Dated at Calgary, Alberta, this 24<sup>th</sup> day of June, 2020.

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom of the page.

**BOW RIVER ENERGY LTD.**

Per: Daniel G. Belot, CFO

The Monitor approves the proposed disclaimer or resiliation.

Dated at Calgary, Alberta, this 24<sup>th</sup> day of June, 2020.



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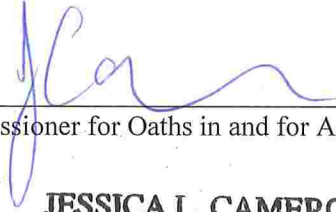
**BDO CANADA LIMITED**

Per: Marc Kelly, Senior Vice President

This is **Confidential Exhibit "1"** referred to

in the Affidavit of Daniel G. Belot

Sworn before me this 17<sup>th</sup> day of July, 2020



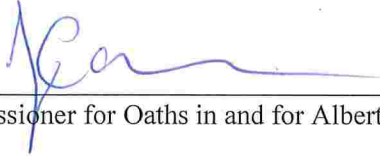
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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public

This is **Confidential Exhibit "2"** referred to  
in the Affidavit of Daniel G. Belot

Sworn before me this 17<sup>th</sup> day of July, 2020



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A Commissioner for Oaths in and for Alberta

**JESSICA L. CAMERON**  
A Commissioner for Oaths  
in and for Alberta  
Lawyer, Notary Public