CONNACHER OIL AND GAS LIMITED

INFORMATION CIRCULAR
WITH RESPECT TO A
PLAN OF COMPROMISE AND ARRANGEMENT

pursuant to the

Companies' Creditors Arrangement Act (Canada)

and the

Canada Business Corporations Act (Canada)

concerning, affecting and involving Connacher Oil and Gas Limited

May 16, 2019

This circular is being sent to certain creditors of Connacher Oil and Gas Limited in connection with meetings called to consider its plan of compromise and arrangement dated May 6, 2019 (as may be amended) that are scheduled to be held on June 19, 2019 at 11:30 a.m. and 11:45 a.m. (Calgary time).

These materials require your immediate attention. You should consult your legal, financial, tax and other professional advisors in connection with the contents of these documents.

For any questions relating to the procedures for delivering Second Lien Noteholder voting instructions, please contact the Company's solicitation and information agent, Kingsdale Advisors, at 416-867-2272 or, toll free at 1-888-642-3150, or by email at contactus@kingsdaleadvisors.com.

If you have any questions regarding voting procedures for any other Affected Creditors or other matters or if you wish to obtain additional copies of these materials, you may contact the court-appointed monitor, Ernst & Young Inc., by telephone at 403-206-5650 or by email at Connacher.Monitor@ca.ey.com. Copies of these materials and other materials in the within proceedings are also posted on the following website: www.ey.com/ca/connacheroilandgas.

NOTICE OF 2019 CREDITORS' MEETINGS AND 2019 SANCTION HEARING FOR AFFECTED CREDITORS

TO: The Affected Creditors of Connacher Oil and Gas Limited (the "**Company**")

2019 Creditors' Meetings

NOTICE IS HEREBY GIVEN that a meeting of the First Lien Lender Class and a meeting of the General Creditor Class for holders as of the applicable record dates will be held on June 19, 2019 at 11:30 a.m. (Calgary time) and 11:45 a.m. (Calgary time), respectively, at the offices of Cassels Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3rd Street SW, Calgary, Alberta (the "**2019 Creditors' Meetings**") for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without variation, resolutions of the First Lien Lender Class and the General Creditor Class, respectively (each a "**Resolution**") approving the Plan of Compromise and Arrangement of the Company pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") dated May 6, 2019 (as may be amended, restated, supplemented or replaced from time to time in accordance with the terms thereof, the "**2019 CCAA Plan**"); and

2. to transact such other business as may properly come before either of the 2019 Creditors' Meetings or any adjournment or postponement thereof.

The 2019 Creditors' Meetings are being held pursuant to an order (the "**2019 Creditors Meetings Order**") of the Court of Queen's Bench of Alberta (the "**Court**") made on May 16, 2019.

Capitalized terms used and not otherwise defined in this Notice have the respective meanings given to them in the 2019 CCAA Plan or the 2019 Creditors' Meetings Order.

The 2019 CCAA Plan

The 2019 CCAA Plan contemplates the compromise of the Claims of the Affected Creditors. The 2019 Creditors' Meetings Order has established that quorum for the 2019 Creditors' Meetings is the presence, in person or by proxy, (i) at the meeting of the First Lien Lender Class, of at least one Beneficial First Lien Lender with an Accepted Claim and (ii) at the meeting of the General Creditor Class, of at least one General Creditor with an Accepted Claim.

In order for the 2019 CCAA Plan to be approved and binding in accordance with the CCAA, the applicable Resolution must be approved by a required majority of Affected Creditors with Accepted Claims in each of the First Lien Lender Class and the General Creditor Class who validly vote, in person or by proxy, or were deemed to do so, at the applicable 2019 Creditors' Meeting(s).

Each Affected Creditor with a Voting Claim will be entitled to one vote in the total amount of its Voting Claim in the applicable class at the applicable 2019 Creditors' Meeting(s) in accordance with the 2019 Creditors' Meetings Order. If the 2019 CCAA Plan is approved in each of the 2019 Creditors' Meetings, the 2019 CCAA Plan must then be sanctioned by the Court before it can be implemented. Subject to Court sanction and the satisfaction of the other conditions precedent to implementation of the 2019 CCAA Plan, all Affected Creditors will then receive the treatment set forth in the 2019 CCAA Plan.

Forms and Proxies for Affected Creditors

An Affected Creditor, other than a Beneficial Noteholder, may vote at the applicable 2019 Creditors' Meeting(s) in person or may appoint another person as its proxyholder by duly completing and submitting to the Monitor the form of First Lien Lenders Proxy or General Creditors Proxy (collectively, the "**Proxies**"), as applicable.

In order to be effective, Proxies must be received by the Monitor at Ernst & Young Inc., Calgary City Centre, 2200-215 2nd Street SW, Calgary, Alberta T2P 1M4 (Attention: Jose Aldana Herbas), email: connacher.monitor@ca.ey.com prior to 5:00 p.m. (Calgary time) on the day that is two business days before the 2019 Creditors' Meetings. Persons appointed as proxyholders need not be Affected Creditors.

If an Affected Creditor at the applicable 2019 Creditors' Meeting specifies a vote on the 2019 CCAA Plan in their Proxy, the Proxy will be voted in accordance with the specification so made. In absence of such specification, a Proxy will be voted FOR the Resolution provided that the proxyholder does not otherwise exercise its right to vote at the applicable 2019 Creditors' Meeting(s).

Beneficial Noteholders should promptly contact their Participant Holder and obtain and follow their Participant Holder's instructions with respect to the applicable voting procedures and deadlines, which may be earlier than the deadlines that are applicable to other Affected Creditors. It should be noted that the only way for a Beneficial Noteholder to vote is to provide Voting Instructions to their Participant Holder. Beneficial Noteholders with questions regarding the solicitation process should contact the Solicitation and Information Agent, Kingsdale Advisors, by phone: 416-867-2272; North American Toll Free: 1-888-642-3150; or e-mail: contactus@kingsdaleadvisors.com.

Beneficial Noteholders who hold General Creditor Claims other than Second Lien Deficiency Claims are instructed to complete a General Creditors Proxy (in addition to providing Voting Instructions) in order to vote the amount of such General Creditor Claims.

2019 Sanction Hearing

NOTICE IS ALSO HEREBY GIVEN that if the 2019 CCAA Plan is approved at each of the 2019 Creditors' Meetings, the Company intends to bring an application before the Court on June 20, 2019 at 10:00 a.m. (Calgary time) or such later date as may be posted on the Monitor's Website, at the Court located at Calgary Courts Centre, 601 5 Street SW, Calgary, Alberta.

The application seeks an order sanctioning the 2019 CCAA Plan under the CCAA and ancillary relief consequent upon such sanction. Any Affected Creditor that wishes to oppose the sanctioning of the 2019 CCAA Plan must serve on the Company, the Monitor and the service list for the Company's CCAA proceeding a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the application no later than 5:00 p.m. (Calgary time) on the date that is seven (7) Business Days prior to the 2019 Sanction Hearing Date.

A copy of the service list may be obtained from the Monitor's Website at www.ey.com/ca/connacheroilandgas together with copies of other materials related to this process.

This Notice is given by the Company pursuant to the 2019 Creditors' Meetings Order.

DATED this 16th day of May, 2019

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IMPORTANT INFORMATION

THIS CIRCULAR CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE MATTERS REFERRED TO HEREIN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS CIRCULAR, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON. THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES DESCRIBED IN THIS CIRCULAR, OR THE SOLICITATION OF A PROXY OR VOTE, IN ANY JURISDICTION, TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OF AN OFFER OR PROXY SOLICITATION IN SUCH JURISDICTION.

Capitalized terms used herein, and not otherwise defined, have the meaning given to them in the Glossary of Terms, which begins on page 79.

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the Company for use at the 2019 Creditors' Meetings to be held on June 19, 2019. This Circular contains important information that should be read before any decision is made with respect to the matters referred to herein. All summaries of and references to the 2019 CCAA Plan in this Circular are qualified in their entirety by references to the text of the 2019 CCAA Plan, which is set out in Exhibit B to this Circular. All summaries of and references to other documents entered into in connection with the 2019 CCAA Plan are qualified in their entirety by the definitive documentation in respect thereof and the terms of such documents may, in accordance with their terms and the 2019 CCAA Plan, be amended or supplemented.

Information in this Circular is given as at May 16, 2019 unless otherwise indicated. The delivery of this Circular will not, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Affected Creditors should not construe the contents of this Circular as investment, legal or tax advice. Affected Creditors should consult their own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of the 2019 CCAA Plan. All persons are urged to consult their own tax advisors regarding the tax consequences of their participation in the 2019 CCAA Plan.

The issuance of the New Shares pursuant to the 2019 CCAA Plan will be exempt from the prospectus requirements of applicable Canadian securities laws. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available in respect of such New Shares to be issued pursuant to the 2019 CCAA Plan. See "*Certain Legal Matters - Canadian Securities Laws* ".

NOTICE TO HOLDERS OF AFFECTED CLAIMS IN THE UNITED STATES

NEITHER THE 2019 CCAA PLAN NOR THE SECURITIES ISSUABLE IN CONNECTION WITH THE 2019 CCAA PLAN HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES; NOR HAS THE SEC OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

New Shares issued under the 2019 CCAA Plan will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States. Such New Shares will instead be issued in reliance upon exemptions under the 1933 Act and applicable exemptions under state securities laws.

The New Shares are being issued in reliance on the exemption from registration under the 1933 Act set forth in Subsection 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the 2019 CCAA Plan to the Persons affected.

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the United States Securities Exchange Act of 1934, as amended. This Circular has been prepared in accordance with applicable disclosure requirements in Canada. Securityholders in the United States should be aware that such requirements are different than those of the United States.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which differ from the United States Generally Accepted Accounting Principles ("**U.S. GAAP**") in certain material respects, and thus the financial statements of Connacher may not be comparable to financial statements of United States companies. The Company is not required to prepare a reconciliation of their consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP and have not quantified such differences.

In particular, information in this Circular or in the documents referred to or incorporated by reference herein concerning the properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, which differ from the requirements of United States federal securities laws and the rules and regulations thereunder.

Accordingly, information contained in this Circular and the documents incorporated by reference herein describing the Company's properties and operation may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that the Company is incorporated or organized outside the United States, that some or all of the Officers and Directors of Connacher and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the Company and said Persons are located outside the United States. As a result, it may be difficult or impossible for holders of the Company's securities in the United States to effect service of process within the United States upon the Company and its Officers and Directors, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, holders of the Company's securities in the United States should not assume that the courts of Canada or any other jurisdiction: (a) would enforce judgments of United States courts obtained in actions against such Persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such Persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND RISKS

Certain statements and other information in this Circular may constitute forward-looking information within the meaning of applicable Canadian and United States securities laws. This forward-looking information reflects the current beliefs of management of the Company and is based on assumptions and information currently available to management of the Company. In some cases, forward-looking information can be identified by terminology such as "may", "will", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predicts", "forecast", "outlook", "potential", "continue", "should", "likely", "project", "future" or the negative of these terms or other comparable terminology.

In particular, this Circular contains forward-looking information pertaining to:

- the anticipated benefits and effects of the 2019 CCAA Plan, including the entitlements of various security holders;
- the potential effects on the Company and various stakeholders if the 2019 CCAA Plan is not concluded; and
- the timing of the 2019 Creditors' Meetings and the completion of the 2019 CCAA Plan.

Forward-looking information respecting the anticipated benefits of the Plan Transaction are based upon a number of facts, including the terms and conditions of the 2019 CCAA Plan (including receipt of required stakeholder, regulatory and Court approvals), current industry, economic and market conditions and the current financial condition and prospects of the Company; the structure and effect of the Plan Transaction are based upon the terms of the 2019 CCAA Plan and the Restructuring Transactions contemplated thereby; and the steps and timing of the Plan Transaction are based upon the terms of the 2019 CCAA Plan and the expected timing to receive the required Court approvals and to otherwise satisfy the conditions to effectiveness of the 2019 CCAA Plan.

Although management of the Company believes that the anticipated future results, performances or achievements expressed or implied by the forward-looking information in this Circular are based upon reasonable assumptions and expectations, readers of this Circular should not place undue reliance on such forward-looking information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such assumptions include, without limitation: the Company's ability to generate sufficient cash flow from operations or to obtain adequate financing to fund capital expenditures and working capital needs and to maintain the Company's ongoing obligations during the CCAA Proceeding and thereafter, the ability to maintain relationships with suppliers, customers, employees, shareholders and other third parties in light of the Company's current liquidity situation and the CCAA Proceeding, as well as the risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), risk of commodity price and foreign exchange rate fluctuations, risks associated with the impact of general economic conditions, risks and uncertainties associated with maintaining the necessary regulatory approvals and securing the financing to continue operations and increase production to levels previously achieved. Forward-looking information are statements about the future and are inherently uncertain. There can be no assurance that the forward-looking information will prove to be accurate. The forward-looking information speaks only as of the date of this Circular.

Forward-looking information is subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitations: the completion of the 2019 CCAA Plan being subject to conditions that must be satisfied or waived; and risks related to the Company.

This list is not exhaustive of the factors and assumptions that may affect any of the forward-looking information. Additional risks and uncertainties that could affect forward-looking information are described further under the heading "*Risk Factors*" in this Circular. The forward-looking information contained in this Circular is expressly qualified by this cautionary statement, and the Company does not undertake any obligation to update it to reflect new information or future developments, except to the extent required by law.

INFORMATION CIRCULAR

SUMMARY

The following is a summary of certain information contained elsewhere in this Circular. This summary is included for convenience only and is qualified in its entirety by the more detailed information contained elsewhere in this Circular, including the terms of the 2019 CCAA Plan, which should be read by all Affected Creditors to determine whether to approve the 2019 CCAA Plan. Unless otherwise indicated, terms defined in the section "Glossary of Terms" starting at page 79 have the same meaning in this summary. References to Connacher relating to agreements and arrangements post-implementation of the 2019 CCAA Plan refer to Connacher as owned by the First Lien Lenders and as restructured pursuant to the 2019 CCAA Plan and the Restructuring Transactions.

Connacher Oil and Gas Limited

Connacher Oil and Gas Limited ("**Connacher**" or the "**Company**") is an in situ oil sands developer, producer, and marketer of bitumen. Connacher holds a 100% interest in approximately 465 million barrels of proved and probable bitumen reserves and operates two SAGD facilities located on the Company's Great Divide oil sands leases near Fort McMurray, Alberta ("**Great Divide**").

Connacher's two producing projects at Great Divide are known as Pod One and Algar. A total of 23 SAGD well pairs and 13 infill wells are located at Pod One and a total of 18 SAGD well pairs are located at Algar.

On May 17, 2016, Connacher sought and obtained creditor protection under the CCAA pursuant to the Initial Order. Connacher continues to operate its business and no trustee or receiver has been appointed. These materials are being distributed in connection with the solicitation of votes to approve a plan of compromise and arrangement that will transfer the ownership of Connacher to the First Lien Lenders and will compromise certain claims against Connacher.

2019 Creditors' Meetings

Meetings of the Affected Creditors will be held on June 19, 2019 at the offices of Cassels Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3rd Street SW, Calgary, Alberta. See the section below entitled "*The 2019 Creditors' Meetings*". The purpose of the 2019 Creditors' Meetings is to consider and, if thought advisable, to pass, with or without variation, the Resolutions to approve the 2019 CCAA Plan proposed by the Company under the CCAA. A copy of the 2019 CCAA Plan is set out as Exhibit B to this Circular.

For the reasons set out in this summary and the balance of the Circular, the Board and the Monitor recommend that all Affected Creditors vote FOR the Resolution(s) to approve the 2019 CCAA Plan.

Instructions for voting at the meeting in person or by proxy can be found in these materials. See the section below entitled "*The 2019 Creditors' Meetings*".

Amended and Restated Support Agreement

On May 6, 2019, the Company, the Consenting First Lien Lenders and the First Lien Agent agreed to amend and restate the Original Support Agreement, which was executed in its original form on March 19, 2018 and approved by the Court on March 28, 2018.

The amendment and restatement of the Original Support Agreement was the result of arm's length negotiations among the Company, the Consenting First Lien Lenders and the First Lien Agent, in consultation with the Monitor, to develop an alternative transaction structure to the Original Credit Bid Transaction.

Pursuant to the Amended and Restated Support Agreement, the Company, the Consenting First Lien Lenders and the First Lien Agent have agreed to pursue a credit bid of a portion of the first lien obligations through the implementation of a CCAA plan of compromise and arrangement, substantially on the terms set out in the 2019 CCAA Plan. Upon the occurrence of a CCAA Plan Termination Event, the parties have agreed that they will instead implement a credit bid asset purchase transaction substantially similar to the Original Credit Bid Transaction, with certain modifications to the terms of the financing facility.

The Company and the Consenting First Lien Lenders prefer to complete the Plan Transaction, as it maximizes value to the Company's creditors and other stakeholders that would not be available in an asset sale, including providing recoveries to the Company's affected unsecured creditors that would not be realized in an asset sale scenario.

The Amended and Restated Support Agreement was approved pursuant to the Amended and Restated Support Agreement Approval Order granted by the Court on May 16, 2019.

The 2019 CCAA Plan

The purpose of the 2019 CCAA Plan is (i) to implement the Recapitalization, (ii) to complete a reorganization of the Company's financial obligations, and (iii) to effect a compromise and arrangement of all Affected Claims, in the expectation that a greater benefit will be derived from the 2019 CCAA Plan than would result from the Credit Bid Transaction.

If the 2019 CCAA Plan is implemented, the First Lien Lenders will be entitled to receive the New Shares and will become the sole equity holders of the Company. **First Lien Lenders are required to provide Registration Instructions and Equityholder Information to the Solicitation and Information Agent in order to receive New Shares. Failure to provide Registration Instructions and Equityholder Information to the Solicitation and Information Agent in a timely manner may cause a First Lien Lender to lose its entitlement to the New Shares.**

The Company's General Creditors will receive substantially the same treatment under the 2019 CCAA Plan that they voted to receive under the 2018 CCAA Plan, which was approved unanimously by the voting creditors and sanctioned by the Court prior to its termination by the Company.

As described in further detail in this Circular, upon implementation of the 2019 CCAA Plan, the Affected Claims shall be irrevocably and finally extinguished and the following transactions shall occur:

(a) a portion of the Company's Cash on Hand shall be used to (i) satisfy in full all claims which rank *pari passu* with or in priority to the First Lien Claim, and (ii) establish the Administrative Reserve Fund;

(b) the Municipality's Alleged Priority Secured Claim, and any security underlying such claim, shall be discharged as against the Company and the Municipal Tax Fund shall stand in the place and stead of the Municipality's security;

(c) each Tranche A Lender shall receive in respect of the principal amount of its Tranche A Loans its *pro rata* share of the obligations under the New Senior Secured Term Facility which will be automatically recorded with the Tranche A registration details;

(d) each Tranche A Lender and Tranche B Lender shall receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and, in the case of a

Tranche B Lender, the principal and accrued interest on its Tranche B Loans, its *pro rata* share of the New Shares; and

(e) a portion of the Company's Cash on Hand shall be used to establish the General Creditor Pool in the amount of $500,000 (plus the amount required to satisfy Convenience Class Claims) which shall be distributed to the Affected Creditors in the General Creditor Class in accordance with the 2019 CCAA Plan.

The 2019 CCAA Plan has been developed with the intention that distributions to be made to General Creditors under the 2019 CCAA Plan will be substantially similar to the distributions that would have been made to General Creditors under the 2018 CCAA Plan, had such 2018 CCAA Plan been implemented.

Approval of the 2019 CCAA Plan

For the purposes of considering and voting on the Resolution(s), there will be two classes of Affected Creditors: (i) the First Lien Lender Class, and (ii) the General Creditor Class.

At the 2019 Creditors' Meetings, Affected Creditors will be asked to consider and, if thought advisable, approve the applicable Resolutions. The Resolutions must be approved by the Required Majorities of Affected Creditors present in person or represented by proxy at each of the 2019 Creditors' Meetings with each Affected Creditor holding a Voting Claim entitled to one vote at the applicable 2019 Creditors' Meeting(s), which vote will have the value of such person's Voting Claim. Creditors holding Disputed Claims may vote their Claims and have such votes separately recorded.

Procedures for Voting at the 2019 Creditors' Meetings

Affected Creditors (Other than Beneficial Noteholders)

Each Affected Creditor entitled to vote at a 2019 Creditors' Meeting (other than Beneficial Noteholders who must provide their Voting Instructions in advance of the 2019 Creditors' Meeting) may vote at the applicable 2019 Creditors' Meeting in person or by proxy. An Affected Creditor may appoint another person as its proxyholder by completing the form of First Lien Lenders Proxy or General Creditors Proxy (collectively, the "**Proxies**"), as applicable. Forms of Proxy for use at the 2019 Creditors' Meetings are attached to the 2019 Creditors' Meetings Order.

In order to be effective, Proxies must be received by the Monitor at Ernst & Young Inc., Calgary City Centre, 2200-215 2nd Street SW, Calgary, Alberta T2P 1M4 (Attention: Jose Aldana Herbas) email: Connacher.Monitor@ca.ey.com prior to 5:00 p.m. (Calgary time) on the day that is two Business Days before the 2019 Creditors' Meetings. Persons appointed as proxyholders need not be Affected Creditors.

An Affected Creditor may indicate on the form of proxy how it wishes its proxyholder to vote. Proxies in favour of the Monitor will be voted on any ballot that may be called for and, when the Affected Creditor has specified a choice, will be voted in accordance with that specification. **In the absence of any specification on the Proxy, the Proxy will be voted FOR approval of the Resolution.**

An Affected Creditor other than a Beneficial Noteholder who wishes to make a Distribution Election must send a Distribution Election Notice to the Monitor by email, fax, or mail such that it is received by the Monitor by the Distribution Election Deadline.

The vote "FOR" or "AGAINST" approval of the 2019 CCAA Plan indicated by a First Lien Lender on its First Lien Lenders Proxy shall be deemed to be such First Lien Lender's vote in respect of any General Creditor Claims including any First Lien Deficiency Claims or Second Lien Deficiency Claims held by such First Lien Lender for the meeting of the General Creditor Class, provided however that a First Lien Lender must also return a Voting Information and Election Form to their Participant Holder prior to the Beneficial Noteholder Voting and Election Deadline for their vote in respect of their Second Lien Deficiency Claim to be recorded.

Beneficial Noteholders

Second Lien Noteholders who wish to vote on the 2019 CCAA Plan must submit Voting Instructions through the forms provided by their Participant Holders, or in the case of a Registered Holder, directly to the Solicitation and Information Agent. Second Lien Noteholders (other than Registered Holders) are not entitled to vote in person or by proxy because the Company requires Participant Holders to verify holdings of Beneficial Noteholders.

Beneficial Noteholders should promptly contact their Participant Holder and obtain and follow their Participant Holder's instructions with respect to the applicable voting procedures and deadlines, which may be earlier than the deadlines that are applicable to other Affected Creditors. It should be noted that the only way for a Beneficial Noteholder to vote is to provide Voting Instructions to their Participant Holder. No other voting channel will be available, and no other form of proxy will be used to vote the Second Lien Deficiency Claims held by Beneficial Noteholders. Beneficial Noteholders are required to disclose their identity and aggregate principal amount of Second Lien Notes they hold. If they do not disclose such information, their votes will not be counted.

Beneficial Noteholders who wish to make a Distribution Election in respect of their Second Lien Deficiency Claim shall follow the procedures set out in the Voting Information and Election Form. Beneficial Noteholders who do not return a Voting Information and Election Form to their Participant Holder, who will make an election through DTC, will not be deemed to be Convenience Class Creditors, regardless of the size of their Accepted Claims, and will be limited to recovering their Pro Rata Share of the General Creditor Pool. To be clear, unlike other General Creditors with Accepted Claims equal to or less than $2,000, a Beneficial Noteholder with an Accepted Claim equal to or less than $2,000 must return a completed Voting Information and Election Form instructing their Participant Holder to make a Distribution Election in order to recover the Distribution Election Amount.

Each General Creditor is entitled to one vote for the aggregate dollar value of such General Creditor's: (i) Pro Rata Share of the First Lien Deficiency Claim as of the First Lien Record Date, (ii) Pro Rata Share, if any of the Second Lien Deficiency Claim as of the Second Lien Notes Record Date, and (iii) General Creditor Claim, if any, that is not either a First Lien Deficiency Claim or a Second Lien Deficiency Claim.

A Beneficial Noteholder who holds both a portion of the Second Lien Claim and other General Creditor Claims (including a portion of the First Lien Deficiency Claim) must submit (i) Voting Instructions to their Participant Holder, and (ii) a General Creditor Proxy to the Monitor to vote its entire General Creditor Claim.

Conditions to Implementation of the 2019 CCAA Plan

In order for the 2019 CCAA Plan to be implemented, the following conditions, among others, must be satisfied:

(a) the Company, the Consenting First Lien Lenders and the First Lien Agent shall have complied with all provisions of the Amended and Restated Support Agreement and such conditions shall have been satisfied or waived in accordance with its terms;

(b) the 2019 CCAA Plan shall have been approved by the Required Majorities;

(c) the 2019 Plan Sanction Order shall have been granted by the Court in a form acceptable to the Company, the Monitor, the Consenting First Lien Lenders and the First Lien Agent, each acting reasonably, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;

(d) all applicable appeal periods in respect of the 2019 Plan Sanction Order shall have expired and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(e) the Monitor shall have received the Plan Implementation Fund from the Company;

(f) the AER shall have provided an advance ruling confirming that the AER does not consider the change to control persons (within the meaning of Directive 067) resulting from the implementation of the 2019 CCAA Plan to be an unreasonable risk;

(g) no injunction or other Order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by the 2019 CCAA Plan and the Amended and Restated Support Agreement, and no proceedings therefor shall have been commenced before any court or governmental or regulatory authority;

(h) the New Senior Secured Term Facility Agreement, the MIP, the Executive Employment Agreements, and the Shareholders Agreement and all related agreements and other documents contemplated by the Recapitalization and the implementation of the 2019 CCAA Plan, shall be in form and substance acceptable to the Company and the Consenting First Lien Lenders, each acting reasonably, and shall have become effective, subject only to the implementation of the 2019 CCAA Plan;

(i) the Company shall not be a reporting issuer (or equivalent) in any province or territory of Canada or any other jurisdiction upon implementation of the 2019 CCAA Plan;

(j) the articles of reorganization to be filed under the CBCA in respect of the Restructuring Transactions and, in particular, the creation of the New Shares, shall be in form acceptable to the Consenting First Lien Lenders;

(k) the aggregate number of New Shares to be issued pursuant to the 2019 CCAA Plan shall be acceptable to the Consenting First Lien Lenders;

(l) the composition of the New Board shall be as determined in accordance with the Amended and Restated Support Agreement;

(m) all necessary corporate action and proceedings of the Company shall have been taken to approve the 2019 CCAA Plan and to enable the Company to execute, deliver and perform its obligations under the agreements, documents and other instruments to be executed and delivered by it pursuant to the 2019 CCAA Plan; and

(n) all agreements, resolutions, documents and other instruments, which are reasonably necessary to be executed and delivered by the Company, in order to implement the 2019 CCAA Plan or the 2019 Plan Sanction Order or perform the Company's obligations under the 2019 CCAA Plan, shall have been executed and delivered.

If the approval of the Affected Creditors is obtained, the hearing in respect of the 2019 Plan Sanction Order is scheduled to take place at 10:00 a.m. on June 20, 2019 at Calgary Courts Centre, 601 5 Street SW, Calgary, Alberta, Canada. Any objections to the sanction of the 2019 CCAA Plan must be served on the Company, the Monitor and the Service List no later than seven Business Days prior to the hearing.

Recommendation of the Special Committee and the Board

The Special Committee was formed, among other things, to investigate, evaluate and consider (i) possible financing alternatives available to the Company and (ii) possible restructuring alternatives relating to the Company's current capital structure, including, without limitation, the advisability of proceeding with a restructuring under the CCAA. Since its formation in early 2016, the Special Committee has directly overseen all aspects of the restructuring of the Company. The Special Committee met frequently and was intimately involved in evaluating all restructuring options available and providing recommendations to the Board in respect of the actions to be taken by the Company.

After careful consideration, including (i) a review of the terms of the Amended and Restated Support Agreement and the 2019 CCAA Plan; (ii) the advice of the Financial Advisor and the Monitor; (iii) the need for relief from the Company's existing obligations as well as a thorough review of other matters (including those described in "*Recommendation of the Special Committee and the Board*"), the Special Committee unanimously determined that the 2019 CCAA Plan is in the best interests of the Company and to recommend to the Board that they approve the 2019 CCAA Plan and recommend that Affected Creditors vote FOR the Resolutions to approve the 2019 CCAA Plan.

The Board, after careful consideration of the recommendation of the Special Committee and the factors set out below and in *Recommendation of the Special Committee and the Board* unanimously determined (with those directors who are representatives of certain of the Company's stakeholders having declared their interest in the transaction and abstained from voting) to accept the recommendation of the Special Committee and approve the 2019 CCAA Plan, authorize its submission to the Affected Creditors for approval and recommend that Affected Creditors vote FOR the Resolutions to approve the 2019 CCAA Plan.

If the 2019 CCAA Plan is not implemented, subject to the terms of the Amended and Restated Support Agreement, the Company, the Consenting First Lien Lenders and the First Lien Agent intend to implement the Credit Bid Transaction.

Subject to the approval of the Affected Creditors the 2019 CCAA Plan will be submitted to the Court for approval.

New Shares

The 2019 CCAA Plan provides that First Lien Lenders who are Tranche A Lenders will receive, in respect of accrued interest on their Tranche A Loans and First Lien Lenders who are Tranche B Lenders will receive, in respect of the principal and accrued interest on their Tranche B Loans, their respective pro rata entitlement of the New Shares. Each Tranche A Lender and Tranche B Lender is required to provide the Solicitation and Information Agent with the Registration Instructions and Equityholder Information in order to receive the New Shares.

No Tranche A Lender or Tranche B Lender shall be entitled to the rights associated with the New Shares and all such New Shares shall be reserved on the books and records of the Company and credited to the applicable lender until such time as such Tranche A Lender or Tranche B Lender, as the case may be, has delivered its Equityholder Information to the Solicitation and Information Agent or post-Effective Date to the Company, or its entitlement to New Shares has lapsed for failure to provide this information under the terms of the 2019 CCAA Plan. In the event that a Tranche A Lender or Tranche B Lender fails to deliver its Equityholder Information on or before the date that is 6 months following the Effective Date, the Company shall be entitled to cancel the entitlement to any New Shares otherwise issuable to such Tranche A Lender or Tranche B Lender that has not delivered its Equityholder Information.

Shareholders Agreement

Pursuant to the terms of the 2019 Plan Sanction Order, all recipients of New Shares will be deemed to be parties to the Shareholders Agreement. The terms of the Shareholders Agreement have not been settled as of the date of this Circular and will be notified to the proposed recipients of New Shares by a supplement to this Circular. Certificates representing New Shares will bear a legend referring to the Shareholders Agreement and the requirements and restrictions on transfer set out therein.

Additional Information and Inquiries

If you have any questions regarding voting procedures or other matters or if you wish to obtain additional copies of these materials, you may contact the Monitor by telephone at 1-403-206-5650 or by email at Connacher.Monitor@ca.ey.com. Copies of these materials and other materials in the within proceedings are also posted on the following website: www.ey.com/ca/connacheroilandgas.

For any questions relating to the procedures for delivering Voting Instructions, please contact the Company's Solicitation and Information Agent, Kingsdale Advisors, at 416-867-2272 or, toll free at 1-888-642-3150, or by email at contactus@kingsdaleadvisors.com.

THE 2019 CREDITORS' MEETINGS

Procedures for 2019 Creditors' Meetings

Pursuant to the 2019 Creditors' Meetings Order made on May 16, 2019 by the Honourable Mr. Justice Jones of the Alberta Court of Queen's Bench (the "**2019 Creditors' Meetings Order**"), a copy of which is posted on the Monitor's Website at www.ey.com/ca/connacheroilandgas, the 2019 Creditors' Meetings of Affected Creditors have been called to consider and vote on the 2019 CCAA Plan. The 2019 Creditors' Meetings will be held at the offices of Cassels Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3rd Street SW, Calgary, Alberta on June 19, 2019. The 2019 Creditors' Meeting of First Lien Lenders will begin at 11:30 a.m. (Calgary time). The 2019 Creditors' Meeting of General Creditors will begin at 11:45 a.m. (Calgary time).

Each 2019 Creditors' Meeting will be held and conducted in accordance with the provisions of the 2019 Creditors' Meetings Order, notwithstanding the provisions of any other agreement or instrument.

A representative of the Monitor will act as the chairperson (the "**Chairperson**") of each 2019 Creditors' Meeting and decide all matters relating to the conduct of the 2019 Creditors' Meeting. The Monitor may appoint scrutineers (the "**Scrutineers**") for the supervision and tabulation of the attendance, quorum and votes cast at each 2019 Creditors' Meeting. A Person designated by the Monitor will act as secretary at each 2019 Creditors' Meeting.

The only Persons entitled to attend a 2019 Creditors' Meeting are (i) the Affected Creditors entitled to vote at that 2019 Creditors' Meeting (or, if applicable, any Person holding a valid First Lien Lenders Proxy or General Creditors Proxy on behalf of one or more such Affected Creditors) and any such Affected Creditor's legal counsel and financial advisors; (ii) Convenience Class Creditors; (iii) the Chairperson, the Scrutineers and the secretary; (iv) the Monitor and the Monitor's legal counsel; (v) one or more representatives of the Board and/or senior management of the Company, and the Company's legal counsel and financial advisors; (vi) the Consenting First Lien Lenders' legal counsel and financial advisors; (vii) the First Lien Agent and its legal counsel; (viii) the Second Lien Trustee and its legal counsel; (ix) the Solicitation and Information Agent; and (x) the Financial Advisor. Any other person may be admitted to a 2019 Creditors' Meeting on invitation of the Company, in consultation with the Monitor.

The quorum required at each 2019 Creditors' Meeting has been set by the 2019 Creditors' Meetings Order as one Affected Creditor with an Accepted Claim against the Company present at the applicable 2019 Creditors' Meeting in person or by proxy.

If the requisite quorum is not present at a 2019 Creditors' Meeting, the Chairperson may adjourn the meeting, provided that any such adjournment or adjournments must be for a period of not more than seven days in total, unless otherwise agreed to by the Company, the Consenting First Lien Lenders and the Monitor. In the event of any such adjournment, the Company and the Monitor will not be required to deliver any notice of adjournment of a 2019 Creditors' Meeting or adjourned 2019 Creditors' Meeting provided that the Monitor shall: (i) announce the adjournment at the 2019 Creditors' Meeting(s) or adjourned 2019 Creditors' Meeting(s), as applicable; (ii) post notice of the adjournment at the originally designated time and location of the 2019 Creditors' Meeting(s) or adjourned 2019 Creditors' Meeting(s), as applicable; (iii) forthwith post notice of the adjournment on the Website at www.ey.com/ca/connacheroilandgas; and (iv) provide notice of the adjournment to the Service List forthwith. Any proxy validly delivered in connection with the 2019 Creditors' Meeting will be accepted as a proxy in respect of any adjourned 2019 Creditors' Meeting.

Voting at the 2019 Creditors' Meetings

Voting and Classes

There are two classes of Affected Creditors: the First Lien Lender Class and the General Creditor Class. The vote on the Resolutions to approve the 2019 CCAA Plan will be decided by approval of a majority in number of the Affected Creditors of each Class holding Accepted Claims representing not less than 66⅔% in value of such class that is present and voting at each 2019 Creditors' Meeting in person or by proxy (the "**Required Majorities**").

The following Creditors are entitled to vote (a) Beneficial First Lien Lenders as of the First Lien Record Date; (b) Beneficial Noteholders as of the Second Lien Notes Record Date; and (c) General Creditors with Voting Claims.

Unaffected Creditors and holders of Equity Claims are not entitled, in such capacity, to attend the 2019 Creditors' Meetings or vote on the 2019 CCAA Plan. **All Equity Claims and D&O Indemnity Claims that are based on Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred on the Effective Date**.

The voting entitlement on the 2019 CCAA Plan is calculated as follows:

(a) Beneficial First Lien Lenders will be entitled to vote as part of the First Lien Lender Class on the basis of such First Lien Lender's Pro Rata Share of the First Lien Claim as of the First Lien Record Date;

(b) Beneficial First Lien Lenders will be entitled to vote as part of the General Creditor Class on the basis of such First Lien Lender's Pro Rata Share of the First Lien Deficiency Claim as of the First Lien Record Date;

(c) Beneficial Noteholders will be entitled to vote as part of the General Creditor Class on the basis of such Beneficial Noteholder's Pro Rata Share of the Second Lien Claim as of the Second Lien Notes Record Date. The entire amount of the Second Lien Claim is deemed to be an unsecured deficiency claim and constitutes a General Creditor Claim;

(d) General Creditors who are Convenience Class Creditors will be deemed to vote as part of the General Creditor Class in favour of the 2019 CCAA Plan in the amount of such Convenience Class Creditor's Accepted Claim; and

(e) Other General Creditors will be entitled to one vote as part of the General Creditor Class in the amount of such creditor's Voting Claim.

Disputed Claims

Affected Creditors (other than Beneficial Noteholders) with Disputed Claims (or their proxies) may attend and vote at the 2019 Creditors' Meetings and will have their voting intentions with respect to the Disputed Claims separately recorded by the Monitor and reported to the Court. The votes cast in respect of any Disputed Claims shall not be counted for any purpose unless, until and only to the extent that such Disputed Claim is finally determined to be an Accepted Claim. In addition, an Affected Creditor holding a Disputed Claim shall not be entitled to receive a distribution under the 2019 CCAA Plan unless and until such Disputed Claim becomes an Accepted Claim.

Voting by Proxy and Distribution Election Notices (Other than Beneficial Noteholders)

Each Affected Creditor entitled to vote at a 2019 Creditors' Meeting (other than Beneficial Noteholders who must provide their Voting Instructions in advance of the 2019 Creditors' Meeting) may vote at the 2019 Creditors' Meeting in person or by proxy. An Affected Creditor may appoint another person as its proxyholder by completing the form of First Lien Lenders Proxy or General Creditors Proxy (collectively, the "**Proxies**"), as applicable. Forms of proxy for use at the 2019 Creditors' Meetings are attached to the 2019 Creditors' Meetings Order.

In order to be effective, Proxies must be received by the Monitor at Ernst & Young Inc., Calgary City Centre, 2200-215 2nd Street SW, Calgary, Alberta T2P 1M4 (Attention: Jose Aldana Herbas), email: Connacher.Monitor@ca.ey.com prior to 5:00 p.m. (Calgary time) on the day that is two Business Days before the 2019 Creditors' Meetings. Persons appointed as proxyholders need not be Affected Creditors.

An Affected Creditor may indicate on the form of proxy how it wishes its proxyholder to vote. Proxies in favour of the Monitor will be voted on any ballot that may be called for and, when the Affected Creditor has specified a choice, will be voted in accordance with that specification. **In the absence of any specification on the proxy, the proxy will be voted FOR approval of the Resolution.**

First Lien Lenders

First Lien Lenders who wish to vote on the 2019 CCAA Plan should submit a First Lien Lenders Proxy. The 2019 Creditors' Meetings Order provides that any First Lien Lenders Proxy submitted by a First Lien Lender will be deemed to be a vote for any General Creditor Class Claims held by such First Lien Lender (including the First Lien Deficiency Claim and any Second Lien Notes held by such First Lien Lender), provided however that a First Lien Lender must also return a Voting Information and Election Form to their Participant Holder prior to the Beneficial Noteholder Voting and Election Deadline for their vote in respect of their Second Lien Deficiency Claim to be recorded. If conflicting proxies and/or Voting Instructions are returned by any Creditor that owns First Lien Claims or General Creditor Class Claims, such votes will not be counted.

The 2019 CCAA Plan provides that First Lien Lenders who are Tranche A Lenders will receive, in respect of accrued interest on their Tranche A Loans and First Lien Lenders who are Tranche B Lenders will receive, in respect of the principal and accrued interest on their Tranche B Loans, their respective *pro rata* entitlement of the New Shares. Each Tranche A Lender and Tranche B Lender is required to provide the Solicitation and Information Agent with the Registration Instructions and the Equityholder Information in order to receive the New Shares.

No Tranche A Lender or Tranche B Lender shall be entitled to the rights associated with the New Shares and all such New Shares shall be reserved on the books and records of the Company and credited to the applicable lender until such time as such Tranche A Lender or Tranche B Lender, as the case may be, has delivered its Equityholder Information to the Solicitation and Information Agent or Company post-Effective Date. **In the event that a Tranche A Lender or Tranche B Lender fails to deliver its Equityholder Information on or before the date that is 6 months following the Effective Date, the Company shall be entitled to cancel the entitlement to any New Shares otherwise issuable to such Tranche A Lender or Tranche B Lender that has not delivered its Equityholder Information.**

General Creditors

General Creditors with Accepted Claims (other than Beneficial Noteholders) not exceeding an aggregate of $2,000 are not required to attend the 2019 Creditors' Meetings or to complete or file any forms as they are deemed to be Convenience Class Creditors and will be deemed to vote in favour of the 2019 CCAA Plan.

General Creditors with Accepted Claims exceeding an aggregate of $2,000 may elect to be Convenience Class Creditors and to receive $2,000 in full satisfaction of such Accepted Claims in accordance with the 2019 CCAA Plan (to the extent implemented and in accordance with the terms thereof), subject to any rights held by the Second Lien Trustee under the Second Lien Indenture to deduct costs and expenses from any such distributions. Such election can be made by completing and duly submitting a Distribution Election Notice. Once such an election is made, the Convenience Class Creditor will be deemed to vote in favour of the 2019 CCAA Plan. A Convenience Class Creditor may attend the 2019 Creditors' Meeting of General Creditors, but such creditor will not be entitled to cast any additional votes or revoke its Distribution Election.

All General Creditors with Accepted Claims (other than Beneficial Noteholders) exceeding an aggregate of $2,000 that do not make a Distribution Election may vote by submitting a proxy (in which case they are not required to attend the Meeting) or may attend the 2019 Creditors' Meeting of General Creditors to vote by proxy or in person.

Any Distribution Election Notice must be sent to the Monitor by email, fax, or mail such that it is received by the Monitor **by no later than 5:00 p.m. (Calgary time) on June 17, 2019** (provided that the Monitor and the Company may waive strict compliance with the time limits imposed for receipt of a Distribution Election Notice if deemed advisable to do so by the Monitor and the Company).

Voting by Beneficial Noteholders

Second Lien Noteholders who wish to vote on the 2019 CCAA Plan must submit Voting Instructions through the forms provided by their Participant Holders or, in the case of the Registered Holders, directly to the Solicitation and Information Agent. Second Lien Noteholders (other than Registered Holders) are not entitled to vote in person or by proxy because the Company requires Participant Holders to verify holdings of Beneficial Noteholders. Participant Holders will submit votes received from Beneficial Noteholders by completing a Master Proxy and sending it to the Solicitation and Information Agent in accordance with their instructions contained therein.

Beneficial Noteholders should promptly contact their Participant Holder and obtain and follow their Participant Holder's instructions with respect to the applicable voting procedures and deadlines, which may be earlier than the deadlines that are applicable to other Affected Creditors. It should be noted that the only way for a Beneficial Noteholder to vote is to provide Voting Instructions to their Participant Holder who will in-turn submit a Master Proxy to the Solicitation and Information Agent, representing each of the votes received from voting Beneficial Noteholders. No other voting channel will be available and no other form of proxy will be used to vote the Second Lien Deficiency Claims held by Beneficial Noteholders. Beneficial Noteholders are required to disclose their identity and aggregate principal amount of Second Lien Notes they hold. If they do not disclose such information, their votes will not be counted.

Beneficial Noteholders with Accepted Claims exceeding $2,000 who wish to make a Distribution Election in respect of their Second Lien Deficiency Claim shall follow the procedures set out in the Voting Information and Election Form and instruct their Participant Holder to make a Distribution Election therein. Beneficial Noteholders should not fill out a Distribution Election Notice, as that form is only applicable to General Creditors who are not Second Lien Noteholders. Beneficial Noteholders who do not return a Voting Information and Election Form to their Participant Holder will not be deemed to be Convenience Class Creditors, regardless of the size of their Accepted Claims, and will be limited to recovering their Pro Rata Share of the General Creditor Pool. To be clear, unlike other General Creditors with Accepted Claims equal to or less than $2,000, a Beneficial Noteholder with an Accepted Claim equal to or less than $2,000 must return a completed Voting Information and Election Form instructing their Participant Holder to make a Distribution Election in order to recover the Distribution Election Amount, as such Beneficial Noteholders cannot be deemed to be Convenience Class Creditors.

Solicitation of Voting Instruments

Solicitation of Proxies from Affected Creditors other than Beneficial Noteholders will be primarily by mail and e-mail and may be supplemented by telephone or other personal contact by the Solicitation and Information Agent, the current Directors, Officers, employees or other agents of the Company, and the costs of such solicitation will be borne by the Company as a cost of the CCAA Proceeding.

In addition, the Company has retained Kingsdale Advisors to act as Solicitation and Information Agent for the 2019 Creditors' Meetings and in connection with the identification of, and communication to, Affected Creditors.

Transfer of Claims

A First Lien Lender may transfer its Claim in accordance with the First Lien Credit Agreement. Only those Beneficial First Lien Lenders as at the First Lien Record Date shall be entitled to vote at the 2019 Creditors' Meeting of First Lien Lenders. For greater certainty, any transferee or assignee who takes assignment of a portion of the First Lien Claim after the First Lien Record Date will be required to obtain their entitled distribution from the transferor or assignor, who will remain the party treated as the Beneficial First Lien Lender pursuant to the 2019 Creditors' Meetings Order. The obligations of Consenting First Lien Lenders with respect to the transfer of their claims (as set out in the Amended and Restated Support Agreement) are not modified by the 2019 Creditors' Meetings Order or the 2019 CCAA Plan.

A Beneficial Noteholder may transfer its Claim in accordance with the Second Lien Indenture. Only those Beneficial Noteholders as at the Second Lien Notes Record Date shall be entitled to vote at the 2019 Creditors' Meeting of General Creditors. Beneficial Noteholders who take assignment following the Second Lien Notes Record Date are not entitled to return Voting Instructions or make a Distribution Election and shall be bound by and subject to any Voting Information and Election Form delivered in respect of such Second Lien Notes in accordance with the 2019 Creditors' Meetings Order.

Any General Creditor may transfer the whole of its Claim prior to the 2019 Creditors' Meeting of the General Creditors in accordance with the 2019 Creditors' Meetings Order. The Monitor is not obligated to deal with the transferee of such Claim as a General Creditor in respect thereof, including allowing such transferee to vote at the 2019 Creditors' Meeting for General Creditors, unless a proof of assignment has been received and acknowledged by the Monitor prior to 5:00 p.m. (Calgary time) on the day that is at least ten (10) Business Days prior to the date of the 2019 Creditors' Meeting for General Creditors.

BACKGROUND TO THE 2019 CCAA PLAN

Background and Operations

Connacher was formed on July 3, 1997 through the amalgamation pursuant to the ABCA of Petro Power Energy Inc. and Justinian Exploration Ltd. and continued as Justinian Exploration Ltd., a public corporation listed on the TSX-V. On January 23, 2001, the outstanding common shares of the Company were consolidated on a ten-for-one basis and the name of the Company was changed to "Connacher Oil and Gas Limited." Trading in the common shares under the symbol "CLL" commenced on the TSX-V on March 23, 2001. This listing was surrendered on August 1, 2003 when the Company graduated to, and commenced trading on, the TSX.

The Company was continued from the ABCA to the CBCA on March 30, 2015. After reaching an agreement with its primary funded debt holders, on May 8, 2015, Connacher was amalgamated with 9171665 Canada Ltd. and continued pursuant to a plan of arrangement under the CBCA (the "**2015 Recapitalization**") as "Connacher Oil and Gas Limited". Subsequent to closing the 2015 Recapitalization, trading on the TSX under the symbol "CLC" commenced on May 14, 2015. As discussed below, the Company's existing shares were consolidated under the 2015 Recapitalization.

As a result of divestitures of its refinery and conventional oil and gas properties in 2012, Connacher was transformed into a single purpose entity active solely in the development, production and sale of bitumen. Due to the high quality of its oil sands reservoir with critical cap rock spread over the area, Connacher has been able to utilize the proven technology of SAGD. This allows the Company to extract bitumen from oil sands formations located approximately 475 meters below the surface.

In light of low commodity prices, the Company reduced its production in the first quarter of 2016. Average production for the first quarter of 2016 was approximately 5,900 barrels per day ("**bbl/d**") as a result of the Company's strategic decision to reduce production in the low commodity price environment and a previously scheduled turnaround at Pod One at the end of the first quarter of 2016. The Company increased production at Great Divide to approximately 8,000 bbl/d in April 2016.

Circumstances Prior to Filing Under CCAA

During 2013 and 2014, the Company focused its efforts on improving operational efficiencies and optimizing production at Pod One and Algar. In light of the Company's substantial debt obligations, in October 2014, the Board hired advisors to assist in assessing various alternatives available to address the Company's liquidity and capital structure.

With the support of 100% of the lenders under the first lien term loan agreement dated May 23, 2014, on May 8, 2015, the Company closed its 2015 Recapitalization which was aimed at significantly reducing the Company's debt burden and providing additional liquidity to fund ongoing operations.

On March 11, 2016, the Company announced that it was undertaking a process to investigate, evaluate and consider possible financing and restructuring alternatives available to the Company. The Board formed a special committee (the "**Special Committee**") composed of the four independent directors that have been authorized to evaluate and implement restructuring strategies. The Special Committee is currently comprised of three independent directors.

The Special Committee worked with management and the Company's advisors to review and consider all potential strategic options and available restructuring paths, including parallel paths of a sales process and creditor sponsored restructuring. In connection therewith, the Company and its advisors, including E&Y (in its pre-CCAA capacity as financial advisor), Cassels and Akin Gump, engaged in extensive discussions with the First Lien Agent, an ad hoc group of First Lien Lenders, their legal and financial advisors and certain significant holders of the Second Lien Notes regarding restructuring options for the Company, including the Initial SISP discussed below.

Also on March 11, 2016, Connacher announced that it had elected to exercise its right to defer the cash payment of interest payable on March 31, 2016 on the Second Lien Notes until June 30, 2016 or such later date as Connacher may elect.

On March 31, 2016, the Company entered into a forbearance agreement (the "**Forbearance Agreement**") with Credit Suisse AG, Cayman Islands Branch, as administrative agent, and certain lenders constituting the "Required Lenders" in respect of approximately US$153.8 million of loans made by the lenders under the First Lien Credit Agreement. Under the terms of the Forbearance Agreement, the lenders agreed to, among other things, forbear from exercising enforcement rights and remedies arising from the Company's failure to pay the cash interest and principal payments due on March 31, 2016 until the earlier of April 30, 2016; the occurrence of an event of default under the First Lien Credit Agreement, unrelated to the failure to pay principal and interest due on March 31, 2016; or the occurrence of a default or breach of representation by the Company under the Forbearance Agreement.

On April 30, 2016, the Company entered into the Second Forbearance Agreement which extended the forbearance period until May 16, 2016.

Filing for CCAA Protection and Subsequent Events

Court Orders

Copies of the Orders made in the CCAA Proceeding are available on the Website. Certain of the Orders, but not all, are summarized below.

Initial Order

On May 17, 2016, the Company sought and obtained creditor protection under the CCAA pursuant to an order (the "**Initial Order**") granted by the Court of Queen's Bench of Alberta (the "**Court**").

Among other things, the Initial Order:

(a) granted CCAA stay protection for an initial period expiring on June 16, 2016. Since the Initial Order, several Court-ordered stay extensions have been obtained, with the most recent extending the stay of proceedings until and including June 28, 2019;

(b) appointed the Monitor to assist the Company in various matters relating to the CCAA Proceeding and to report to the Court from time to time on matter that may be relevant to the CCAA Proceeding;

(c) approved the Initial SISP;

(d) established the Administration Charge;

(e) granted an indemnity in favour of the directors and officers of the Company and granted the Directors' Charge as security for such indemnity;

(f) authorized Connacher to borrow up to US$20,000,000 pursuant to the interim financing term sheet dated as of May 16, 2016 and established the Interim Lenders' Charge as security for the Company's obligations thereunder; and

(g) authorized the KERP and established the KERP/LTIP Charge as security for the Company's obligations in connection therewith.

The Administration Charge, Interim Lenders' Charge, Directors' Charge and KERP/LTIP Charge are charges against all of the current and future property and assets of the Company (collectively, the

"**Property**"), and rank in priority to all other Encumbrances, in favour of any Person. As described below, the Interim Lenders' Charge has been released and the Interim Financing has been repaid.

On June 16, 2016 the Toronto Stock Exchange delisted the Company's securities effective at the close of the market.

Claims Procedure Order

On August 24, 2016, the Court granted the Claims Procedure Order, which establishes, among other things, a claims process for the identification, quantification and determination of certain claims against the Company and the identification of Claims (as defined in the Claims Procedure Order) against the Directors and Officers.

Pursuant to the terms of the Claims Procedure Order, September 26, 2016 at 5:00 p.m. (Calgary time) was set as the Claims Bar Date for filing certain claims against the Company or the Directors or Officers. The Monitor continues to assist the Company in the conduct of the claims procedure pursuant to the Claims Procedure Order.

KERP/LTIP and Severance Orders

On November 14, 2016, the Court granted the Supplemental KERP Order, which provides for, among other things the approval of the Supplemental KERP. The Supplemental KERP Order also granted all of the rights and benefits of the KERP/LTIP Charge to the beneficiaries of the Supplemental KERP. On February 6, 2017, the Court granted the Employee Severance Order, which, among other things, approved an employee severance program providing a formula for calculation of severance for employees terminated under certain circumstances. On June 27, 2017, the Court granted the Second Supplemental KERP Order which provides for a Second Supplemental KERP and extends the benefit of the KERP/LTIP Charge to the beneficiaries of the Second Supplemental KERP.

Seismic Data Sale Order

On August 18, 2017, the Court granted the Seismic Data Sale Order, which provides for, among other things, the approval of the sale transaction contemplated by an agreement of purchase and sale between Connacher and Divestco Inc. dated July 18, 2017 and the vesting in the purchaser of Connacher's right, title and interest in and to the assets described in such sale agreement.

ATB Credit Facilities Order

On November 14, 2017, the Court granted the ATB Credit Facilities Order, which provides for, among other things, the approval of the ATB Credit Facilities. The ATB Credit Facilities Order also granted the ATB Charge over certain cash deposits held by ATB in an amount not to exceed $8,555,000. The ATB Credit Facilities Order provides that the ATB Charge shall rank in priority to all other Encumbrances, including the Administration Charge, the Interim Lenders' Charge, the Directors' Charge and the KERP/LTIP Charge in respect of the cash deposits described in the agreement.

BEH Royalty Approval Order

On January 29, 2018, the Court granted the BEH Royalty Approval Order, which, among other things, authorized Connacher to enter into the BEH Royalty Agreement with BEH, approved the grant by Connacher in favour of BEH of a royalty in accordance with the terms of the BEH Royalty Agreement and vested all of Connacher's right, title and interest in and to the royalty in BEH. With the proceeds from the BEH Royalty Agreement, Connacher repaid all of its obligations in respect of the Interim Financing.

Financial Advisor Approval Order

On February 28, 2018, the Court granted the Financial Advisor Approval Order, which provides for, among other things, the approval of the Company's engagement of the Financial Advisor. The Financial Advisor Approval Order also granted the Financial Advisor Charge over all current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including proceeds thereof as security for all fees and costs payable to the Financial Advisor. The Financial Advisor Approval Order provides that the Financial Advisor Charge shall rank in priority to all other Encumbrances while ranking subordinate in priority to each of the Administration Charge, the Directors' Charge, the KERP/LTIP Charge and the ATB Charge.

Support Agreement & SISP Approval Order

On March 28, 2018, the Court granted the Support Agreement & SISP Approval Order, which provided for, among other things, (i) the approval of the Company's entry into the Original Support Agreement, and (ii) commencement of the Second SISP.

The Original Support Agreement secured majority First Lien Lender support for the commencement of the Second SISP and the implementation of either: (i) a "Superior Transaction" identified during the Second SISP (being a transaction that provides greater than $90 million of cash consideration, excluding existing cash on hand, plus payment of all priority claims and assumption of certain liabilities); or (ii) the Original Credit Bid Transaction.

The Original Support Agreement also contained a number of financial and non-financial covenants and restrictions on the Company.

The key features of the Original Credit Bid Transaction included: (i) formation of Newco to acquire all or substantially all of the Company's assets; (ii) assumption by Newco of the Company's post-CCAA filing trade payables; (iii) offers of employment being made by Newco to all of the Company's employees; (iv) entry by Newco into a new senior secured facility; and (v) distribution of the shares of Newco and the obligation under the new senior secured facility to the existing first lien lenders on the terms set out in the Original Support Agreement and related exhibits.

The Original Credit Bid Transaction, if implemented, would not have provided a recovery to stakeholders beyond the existing First Lien Lenders and creditors with allowed claims that rank in priority to the First Lien Lenders.

The Support Agreement and SISP Approval Order also approved the KEIP and granted the KEIP Charge over the Property to secure all obligations under the KEIP.

2018 Creditors' Meetings Order

On August 22, 2018, the Court granted the 2018 Creditors' Meetings Order authorizing and directing the Company to call the 2018 Creditors' Meetings and establishing procedures for the votes in respect of the 2018 CCAA Plan. The 2018 Creditors' Meetings Order authorized the Company to call the 2018 Creditors' Meeting of First Lien Lenders on October 3, 2018 at 10:00 a.m. (Calgary time) and the 2018 Creditors' Meeting of General Creditors on October 3, 2018, 2018 at 10:15 a.m. (Calgary time). The 2018 Creditors' Meetings Order also, among other things, established (i) procedures for delivery of proxies and voting, (ii) procedures for delivery of Distribution Election Notices and (iii) the applicable records dates.

The 2018 Creditors' Meetings Order also approved the Company's entry into and obligations under the East River Plan Sponsorship Agreement.

Supplemental Claims Procedure Order

On August 22, 2018, the Court also granted the Supplemental Claims Procedure Order to facilitate the implementation of the East River Plan Transaction or the East River Purchase Transaction, as applicable. The Supplemental Claims Procedure Order established, among other things, a claims process for the identification, quantification and determination of Secured Claims, Non-Continuing Employee Claims and Post-Filing Claims against the Company and Post-Filing D&O Claims against the Directors and Officers.

Claimants who were asserting Secured Claims against the Company or Post-Filing D&O Claims against the Directors and Officers were required to file a Proof of Claim with the Monitor prior to the Supplemental Claims Bar Date in accordance with the instructions set out in the Supplemental Claims Procedure Order.

East River Approval and Vesting Order

On August 22, 2018, the Court granted the East River Approval and Vesting Order with respect to the East River Purchase Transaction, which among other things, approved the East River Purchase Agreement and provided for the vesting of the Company's assets free and clear of certain Encumbrances in East River, upon delivery of the Monitor's Certificate. The East River Approval and Vesting Order will not be pursued, as the East River Plan Sponsorship Agreement, East River Purchase Agreement and the 2018 CCAA Plan have been terminated.

2018 Plan Sanction Order

On October 4, 2018, the Court granted the 2018 Plan Sanction Order, which among other things, sanctioned and approved the 2018 CCAA Plan pursuant to the CCAA. The 2018 Plan Sanction Order was granted following approval of the 2018 CCAA Plan by the Required Majorities at the 2018 Creditors' Meetings held on October 3, 2018. The 2018 Plan Sanction Order will not be pursued, as the East River Plan Sponsorship Agreement and the 2018 CCAA Plan have been terminated.

Wood Buffalo Settlement Approval Order

Following several months of negotiations, on September 24, 2018, the Company and the Municipality agreed to the terms of the Wood Buffalo Settlement Agreement, settling on a final basis the Municipality's Alleged Priority Secured Claim submitted pursuant to the Supplemental Claims Procedure Order. The settlement terms included the Company making a payment to the Municipality in the amount of $8,000,000 to settle certain of the Municipal Tax Claims asserted by the Municipality in its proof of claim. The Municipality granted the Company, the Monitor, and certain other parties a broad release of all claims arising from or related to the settled portion of the Municipal Tax Claims, and the Municipality was permitted to continue to assert its Outstanding Municipal Tax Claims.

On October 4, 2018, the Court granted the Wood Buffalo Settlement Approval Order, which approved the Wood Buffalo Settlement Agreement and authorized the Company to perform its obligations thereunder. The Wood Buffalo Settlement Agreement was implemented shortly thereafter.

The Initial SISP

The Initial Order approved and authorized the Company and the Monitor to conduct the Initial SISP to identify one or more purchasers and/or investors in the Company's business and/or property.

Connacher, with the assistance of the Monitor, commenced the marketing process of the Initial SISP on May 18, 2016, immediately following the granting of the Initial Order. The Monitor contacted 152 potential counterparties, including both strategic buyers operating in similar industries as the Company and financial sponsors including private equity funds. Of the parties contacted, a certain number of them signed non-disclosure agreements and then became qualified bidders ("**Initial SISP Qualified Bidders**"). Initial SISP Qualified Bidders had access to a corporate management presentation on the operations of the Company and a virtual data room, and asked and received responses from Company management with respect to the business and assets of Connacher. Initial SISP Qualified Bidders also had access to management presentations, the opportunity to meet with management and the opportunity to meet with the Monitor and the Company's legal counsel to discuss transaction structuring consideration.

The Initial SISP had a bid deadline for non-binding letters of intent of June 30, 2016 and a bid deadline for binding offers of July 27, 2016. Connacher received interest in the Initial SISP from various types of parties, including industry participants and financial parties. Connacher and the Monitor worked closely to ensure that information was made available to potential bidders in a timely manner, in order to encourage active participation in the Initial SISP. To address the requests by certain interested parties, on June 24, 2016, Connacher, with the consent of the Interim Financing Agent and the Interim Lenders, extended the deadline for the first phase of the Initial SISP to July 14, 2016. Prior to the initial bid deadline, the Monitor and Connacher received several non-binding letters of intent in connection with the Initial SISP. Connacher reviewed and assessed the non-binding letters of intent received, consulted with the Consultation Parties (as defined in the Initial SISP) in respect of those bids and determined to proceed to the second phase of the Initial SISP.

Under the terms of the Initial SISP, final binding bids were due August 10, 2016 with a closing to occur on or before August 31, 2016. To address the requests by certain interested parties, on August 5, 2016, Connacher, with the consent of the Interim Financing Agent and Interim Lender, extended the applicable bid deadline in the Initial SISP to August 19, 2016, with a closing to occur on or before September 7, 2016. On or about the bid deadline, Connacher received several conditional offers to acquire the property and/or business of Connacher. Connacher, in consultation and with the support of the Monitor and the Interim Lenders, elected not to select a successful bid.

Connacher believed that improved market conditions could present opportunities to enhance stakeholder recoveries, such as long-term contract negotiations and hedging opportunities to stabilize and/or enhance cash flow and strategic transactions or a sale, that were not previously available or economical.

The Interim Financing

As authorized and approved by the Initial Order, the Company secured interim financing in the form of a senior secured debtor-in-possession credit facility (the "**Interim Financing**") established pursuant to a credit arrangement dated as of May 15, 2016 with certain existing lenders (certain of which are or were also significant shareholders of the Company) (the "**Interim Lenders**") for up to US$20 million (collectively, the "**Total Interim Financing Commitments**"), with initial commitments of up to US$11.5 million (the "**Initial Commitments**").

On October 26, 2016, the Company entered into a Waiver, Approval, and Modification Agreement with the Interim Lenders, pursuant to which the Interim Lenders agreed to waive certain limited defaults under the Interim Financing related to the Initial SISP timelines and advance to the Company an additional amount of approximately US$5.0 million of the Total Interim Financing Commitments to support the Company's continuing operations.

On December 16, 2016, the Company entered into a further Approval and Modification Agreement with the Interim Lenders, which extended the maturity date under the Interim Financing from May 17, 2017 to December 31, 2017 and amended certain provisions of the Interim Financing in order to provide the Company with greater flexibility to enter into hedging agreements and other long-term contracts.

On June 27, 2017, the Company entered into Approval and Modification Agreement #3 with the Interim Lenders, which extended the maturity date of the Interim Financing from December 31, 2017 to January 31, 2018.

As described below, the Interim Financing was repaid in full in the beginning of 2018.

The BEH Royalty Agreement

On January 29, 2018, the Company granted a royalty in respect of certain of its producing and non-producing lands to BEH pursuant to the BEH Royalty Agreement. On January 30, 2018, the Court granted the BEH Royalty Approval Order, which approved the grant of the royalty.

The royalty consists of the grant to BEH of an undivided interest in and to the Bitumen within, upon or under the royalty lands equal to the royalty share for total consideration of $43,750,000. The royalty share for a given month will be calculated and determined based on a sliding scale percentage rate that is dependent on a “Benchmark Reference Price” (as defined in the BEH Royalty Agreement) for the prevailing reference grade of the type of Dilbit (as defined in the BEH Royalty Agreement) that includes Bitumen produced from the royalty lands.

The consideration from the grant of the royalty was used to repay the Interim Financing in full, which was then terminated, and for general corporate purposes.

The Second SISP

The Support Agreement & SISP Approval Order authorized the Company to conduct the Second SISP in order to determine whether a “Superior Transaction” was available. If no Superior Transaction was identified, the Company would complete the Credit Bid Transaction.

In accordance with the terms of the Second SISP, the Company and the Financial Advisor launched Phase I of the Second SISP on April 3, 2018. Among other things, Connacher and the Financial Advisor prepared a teaser letter and a confidential information memorandum, and established a data room. The teaser letter and the Second SISP procedures were posted on the Monitor’s Website. In total, the Financial Advisor provided the teaser letter to 230 parties.

Sixteen potential bidders executed the confidentiality agreements and SISP acknowledgments to become qualified Phase I bidders. The bidders were granted access to the dataroom and provided with a copy of the confidential information memorandum, containing significant confidential information about the Company’s business and operations and details of the Minimum Consideration Threshold in the Second SISP. In the initial phase of the Second SISP, Connacher and the Financial Advisor hosted 14 initial launch and diligence meetings with bidders.

Connacher received a number of letters of intent on or prior to the Phase I bid deadline of 12:00 p.m. (Calgary time) on May 23, 2018. Following the receipt of the letters of intent, Connacher, in consultation with the Financial Advisor, the Monitor, and the Consenting First Lien Lenders, determined that each of the letters of intent constituted Qualified Phase I Bids.

Connacher continued to engage with the parties who submitted Qualified Phase I Bids in advance of the bid deadline on June 20, 2018 at 12:00 p.m. (Calgary time), including providing additional information and arranging management meetings and site visits.

On the bid deadline, the bid received from East River was subject to receipt of investment committee approval from its financial sponsor. As a result, with the consent of the First Lien Agent and the Consenting First Lien Lenders and in consultation with the Financial Advisor and the Monitor, Connacher delayed the time to determine whether East River’s Phase II Bid (as defined in the Second SISP) was a Qualified Phase II Bid until such time as East River obtained the necessary internal approval.

On July 19, 2018 East River obtained its required internal approvals and provided the Monitor with a deposit of $12 million. Connacher, after discussions with its advisors, the Monitor and the

Consenting First Lien Lenders, moved to negotiate the East River Plan Sponsorship Agreement, the 2018 CCAA Plan, and the East River Purchase Agreement with East River. The principal transaction documents were signed on August 2, 2018.

The East River Plan Sponsorship Agreement

On August 1, 2018 East River was selected as the Successful Bidder pursuant to the Second SISP and the East River Plan Sponsorship Agreement (which contemplated the 2018 CCAA Plan and East River Purchase Agreement which was to be consummated if the 2018 CCAA Plan could not be implemented for certain reasons) and the transactions with East River were determined to be a "Superior Transaction". The Company and East River entered into the East River Plan Sponsorship Agreement pursuant to which the Company and East River agreed, among other things, to use commercially reasonable efforts to give effect to a restructuring of the Company by way of the 2018 CCAA Plan, on the terms set out in and consistent in all material respects with the East River Plan Sponsorship Agreement and the 2018 CCAA Plan and, if necessary, the East River Purchase Agreement.

The 2018 CCAA Plan

On August 1, 2018, on the recommendation of the Special Committee, the Board approved the 2018 CCAA Plan. On August 13, 2018, the Company filed application materials with the Court seeking the 2018 Creditors' Meetings Order.

The East River Purchase Agreement

If a CCAA Plan Termination Event (as defined in the East River Plan Sponsorship Agreement) was to occur, the Company and East River agreed to proceed with a sale pursuant to the East River Purchase Agreement. The terms of the East River Purchase Agreement were approved by the Court on August 22, 2018 but the East River Approval and Vesting Order was not to become effective until the occurrence of a CCAA Plan Termination Event.

The Extension Agreement

Following discussions with certain of the Company's key stakeholders regarding the need for certainty with respect to the timing of the closing, on August 17, 2018, the Company and East River entered into a letter agreement extending the East River Outside Date, from October 31, 2018 to November 15, 2018. Additionally, the parties agreed they would not implement the 2018 CCAA Plan, or the East River Purchase Agreement, as applicable, prior to November 8, 2018.

In consideration for East River's agreement to the foregoing, the Company also agreed that East River's obligation to pay Connacher interest pursuant to section 2.12 of the East River Purchase Agreement, if applicable, shall be calculated to exclude the interest that would have accrued during the period from November 1, 2018 and November 15, 2018.

Court Sanction of the 2018 CCAA Plan

On October 3, 2018, the Company held the 2018 Creditors' Meetings. The resolutions put forward to the First Lien Lender Class and General Creditor Class were approved by 100% of the Affected Creditors who voted on the 2018 CCAA Plan in person or by proxy in each Class, providing the Company with the support of the Required Majorities to proceed to seek Court sanction of the 2018 CCAA Plan.

On October 4, 2018, the Court granted the 2018 Plan Sanction Order, sanctioning the 2018 CCAA Plan pursuant to the CCAA.

Termination of the East River Plan Sponsorship Agreement and 2018 CCAA Plan

On November 7, 2018, East River notified the Company that, since not all of the East River PRC Approvals would be obtained by November 15, 2018, East River was exercising its first pre-negotiated right under the East River Plan Sponsorship Agreement to extend the East River Outside Date to December 15, 2018. East River paid an Additional Deposit to the Monitor on November 15, 2018.

On December 10, 2018, East River notified the Company that it intended to exercise its second pre-negotiated extension right under the East River Plan Sponsorship Agreement to extend the East River Outside Date to January 15, 2019, as it had not yet obtained all of the East River PRC Approvals. However, East River informed the Company that it would not be able to deliver a second Additional Deposit. Following further discussions, East River requested that the East River Outside Date be extended past January 15, 2019 (without the contemporaneous payment of an Additional Deposit) to allow additional time to obtain all of the East River PRC Approvals.

On December 17, 2018, the Company and East River executed the Outside Date Amending Agreement, which, among other things, extended the East River Outside Date to January 31, 2019.

On February 1, 2019, East River and the Company executed the Outside Date Amending Agreement No. 2. This agreement provided a further extension of the East River Outside Date to March 29, 2019, subject to and conditional upon East River making a further $2,000,000 deposit payment to the Monitor, in trust for the Company, by February 15, 2019. The parties agreed that if such payment was not received by the Monitor by February 15, 2019, the East River Outside Date would be deemed to be February 15, 2019, and that the $13,500,000 in previously paid deposits being held by the Monitor would be immediately forfeited to the Company, but would be credited towards a transaction if timely completed by East River.

East River failed to deliver the further $2,000,000 deposit required by the Outside Date Amending Agreement No. 2, and failed to complete a transaction by February 15, 2019.

On February 16, 2019, the Company terminated the East River Plan Sponsorship Agreement and, by extension, the 2018 CCAA Plan. As a result, the Monitor paid over to the Company the forfeited East River deposits in the aggregate amount of $13,500,000.

The Support Agreement Amending Agreement

As a result of the termination of the East River transactions, under the terms of the Original Support Agreement, the First Lien Agent and Consenting First Lien Lenders were to promptly take steps to implement the Original Credit Bid Transaction.

On March 4, 2019, Connacher, the Consenting First Lien Lenders and the First Lien Agent entered into the Support Agreement Amending Agreement, which deferred the “Credit Bid Trigger Date under the Original Support Agreement to March 8, 2019 or such other date as the Majority Consenting First Lien Lenders and the Company may agree, and amended the definition of “Outside Date” under the Original Support Agreement to be May 31, 2019 or such other date as the Majority Consenting First Lien Lenders and the Company may agree.

Subsequent to the execution of the Support Agreement Amending Agreement, the Company and the Majority Consenting First Lien Lenders agreed to further defer (i) the “Credit Bid Trigger Date” to May 16, 2019, and (ii) the “Outside Date” under the Original Support Agreement to June 28, 2019, to provide additional time for the parties to continue their discussions on potential amendments to the structure and terms of the Original Credit Bid Transaction**.** Such discussions culminated in the execution of the Amended and Restated Support Agreement on May 6, 2019.

OVERVIEW OF THE TRANSACTION

Pursuant to the 2019 CCAA Plan, the First Lien Lenders will acquire the newly issued common shares of the Company and will thereby acquire all of the Company's operating assets and business on a going concern basis.

The Company believes that the implementation of the 2019 CCAA Plan will generate the highest reasonable value in a timely manner for Affected Creditors given the available alternatives.

SUMMARY OF THE AMENDED AND RESTATED SUPPORT AGREEMENT

The description of the Amended and Restated Support Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Amended and Restated Support Agreement. Capitalized terms used and not otherwise defined in this section of the Circular have the respective meanings given to them in the Amended and Restated Support Agreement. Readers are encouraged to review the Amended and Restated Support Agreement which may be found on the Monitor's Website and under the Company's profile on SEDAR at www.sedar.com.

On May 6, 2019, the Company, the Consenting First Lien Lenders and the First Lien Agent entered into the Amended and Restated Support Agreement. The terms of the Amended and Restated Support Agreement are the result of arm's length negotiations conducted between representatives of the Company, the Consenting First Lien Lenders, the First Lien Agent, and their respective advisors. The Court, through the 2019 Creditors' Meetings Order, has approved the Company's entry into and compliance with the Amended and Restated Support Agreement.

Cooperation

Under the terms of the Amended and Restated Support Agreement, the Company, the Consenting First Lien Lenders and the First Lien Agent have agreed to cooperate with each other in good faith and use commercially reasonable efforts to implement the Plan Transaction by way of the 2019 CCAA Plan prior to the Plan Outside Date, including, among other things, working to complete steps in accordance with the following timeline, which may be amended in accordance with the terms of the Amended and Restated Support Agreement:

- The Authorization Order must be obtained by May 16, 2019;
- The 2019 Creditors' Meetings Order must be obtained by May 16, 2019;
- The 2019 Creditors' Meetings must be held by June 19, 2019;
- The 2019 Plan Sanction Order must be obtained by June 20, 2019; and
- The 2019 CCAA Plan must be implemented by July 31, 2019.

Credit Bid Transaction

If the 2019 CCAA Plan fails because:

(a) within five Business Days of the applicable times set forth in the Plan Term Sheet (as may be amended) (a) the 2019 Creditors' Meetings Order is not granted; (b) the 2019 Plan Sanction Order is not granted; or (c) the 2019 CCAA Plan is not implemented and the Plan Transaction is not implemented;

(b) the requisite Creditor approval of the 2019 CCAA Plan is not obtained at the 2019 Creditors' Meetings held in accordance with the 2019 Creditors' Meetings Order; or

(c) it is jointly determined by the Company and the Majority Consenting First Lien Lenders, each acting reasonably, that for any other reason it is no longer viable to implement the Plan Transaction pursuant to the 2019 CCAA Plan,

(each of the foregoing, a "**CCAA Plan Termination Event**"), the Company, the Consenting First Lien Lenders and the First Lien Agent will promptly proceed to implement the Credit Bid Transaction in accordance with the terms of the Credit Bid Term Sheet and will each use commercially reasonable efforts to give effect to the Credit Bid Transaction by way of the PSA on the terms set out in and consistent in all material respects with the Amended and Restated Support Agreement, the Credit Bid Term Sheet and the PSA within the time frames set for in the Credit Bid Term Sheet (or such other timeline as may be agreed by the Company and the Consenting First Lien Lenders).

Representations and Warranties

Representations and Warranties of Consenting First Lien Lenders

Under the terms of the Amended and Restated Support Agreement, each Consenting First Lien Lender, severally and not jointly, represents and warrants to each of the other parties (and acknowledges that each of the other parties is relying upon such representations and warranties) that:

(a) it (or clients thereof for which it has discretionary authority to manage or administer funds) is the legal or beneficial holder of, or exercises control and direction over, (i) the loans in the principal amount set forth on such Consenting First Lien Lender's signature page to the Amended and Restated Support Agreement or its Joinder Agreement, as the case may be (ii) the additional claims against the Company identified in the principal amount set forth on such Consenting First Lien Lender's signature page;

(b) as of the date of the Amended and Restated Support Agreement, the principal amount of loans set forth on such Consenting First Lien Lender's signature page to the Amended and Restated Support Agreement or its Joinder Agreement, as the case may be, constitute all of the loans that are legally or beneficially owned by it (or over which it exercises control and direction on behalf of clients for which it has discretionary authority to manage or administer funds);

(c) as of the date of the Amended and Restated Support Agreement or of its Joinder Agreement, as applicable, the principal amount of additional claims set forth on such Consenting First Lien Lender's signature page to the Amended and Restated Support Agreement or its Joinder Agreement, as the case may be, constitute all of the additional claims that are legally or beneficially owned by it (or over which it exercises control and direction on behalf of clients for which it has discretionary authority to manage or administer funds);

(d) it has the authority with respect to its debt to support, or, if necessary, to direct the First Lien Agent with respect to its debt to support, the Plan Transaction and the 2019 CCAA Plan;

(e) it has, together with the other Consenting First Lien Lenders, the authority to direct the First Lien Agent to support the Plan Transaction and the 2019 CCAA Plan or, if applicable, support the Credit Bid Transaction and to enter into the PSA and effect the Credit Bid Transaction;

(f) it is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of the Amended and Restated Support Agreement; it has conducted its own analysis and made its own decision to enter into the Amended and Restated Support Agreement and has obtained such independent advice in this regard as it deemed appropriate (it being recognized that Bennett Jones, Jones Day and PricewaterhouseCoopers LLP (collectively, the “**Advisors**”) are not the advisors to any individual holder of the Loans, including any Consenting First Lien Lender, on an individual basis), and it has not relied on such analysis or decision on any Person other than its own independent advisors;

(g) the Amended and Restated Support Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all parties, the Amended and Restated Support Agreement constitutes the legal, valid and binding obligation of such Consenting First Lien Lender, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors’ rights generally and general principles of equity;

(h) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver the Amended and Restated Support Agreement and to perform its obligations hereunder, including the power and authority to bind the beneficial owner(s) of the loans and additional claims (as applicable) to the terms of the Amended and Restated Support Agreement and consummate the transactions contemplated by the Amended and Restated Support Agreement;

(i) the execution and delivery of the Amended and Restated Support Agreement by it and the completion by it of the transactions contemplated in the Amended and Restated Support Agreement do not and will not violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to such Consenting First Lien Lender or any of its properties or assets, or result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under, its certificate of incorporation, articles, bylaws or other charter documents;

(j) except as contemplated by the Amended and Restated Support Agreement, it has not deposited any of its loans, other debt or additional claims into a voting trust, or granted (or permitted to be granted) any proxies or powers of attorney or attorney in fact, or entered into a voting agreement, understanding or arrangement, with respect to the voting of its loans, other debt or additional claims where such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Consenting First Lien Lender to comply with its obligations under the Amended and Restated Support Agreement; and

(k) there is not pending or threatened against it or any of its properties, nor has it received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any governmental entity that, individually or in the aggregate, would reasonably be expected to have an adverse effect on such Consenting First Lien Lender’s ability to execute and deliver the Amended and Restated Support Agreement and to consummate the transactions contemplated by the Amended and Restated Support Agreement.

Representations and Warranties of First Lien Agent

Under the terms of the Amended and Restated Support Agreement, the First Lien Agent represents and warrants to the Company and the Consenting First Lien Lenders (and the First Lien Agent acknowledges that the Company is relying upon such representations and warranties):

(a) it is the validly appointed successor administrative agent under the First Lien Credit Agreement;

(b) the direction is in form and substance satisfactory to the First Lien Agent and will, when executed and delivered to the First Lien Agent by a Consenting First Lien Lender and assuming the due authorization, execution and delivery by each such Consenting First Lien Lender signatory thereto, constitute a legal, valid, enforceable direction by such Consenting First Lien Lender under the First Lien Credit Agreement to the First Lien Agent to (i) effect the Credit Bid Transaction and (ii) take such other steps and execute such other documents as expressly contemplated in the Amended and Restated Support Agreement or thereby to complete the Credit Bid Transaction for and on behalf of all First Lien Lenders;

(c) based on the amount of the loans set forth on the signature pages of the Initial Consenting First Lien Lenders to the Amended and Restated Support Agreement, such Initial Consenting First Lien Lenders hold a sufficient amount of the loans to direct and cause the First Lien Agent to (i) effect the Credit Bid Transaction and (ii) take such other steps and execute such other documents as expressly contemplated by the Amended and Restated Support Agreement or thereby to complete the Credit Bid Transaction for and on behalf of all First Lien Lenders, in each case upon and subject to (A) the Approval and Vesting Order being granted, and (B) the Consenting First Lien Lenders delivering an executed direction to the First Lien Agent; and

(d) upon the Consenting First Lien Lenders delivering an executed direction to the First Lien Agent, the First Lien Agent shall, as soon as possible thereafter, effect the Credit Bid Transaction and promptly take all actions and steps and execute and deliver such further documents as expressly contemplated by the Amended and Restated Support Agreement or thereby to complete the Credit Bid Transaction, in each case upon and subject to the Approval and Vesting Order being granted; and for certainty, no other direction, undertaking or agreement shall be required from any of the First Lien Lenders to cause the First Lien Agent to take such actions.

Representations and Warranties of the Company

Under the terms of the Amended and Restated Support Agreement, the Company represents and warrants to each of the Consenting First Lien Lenders and the First Lien Agent (and the Company acknowledges that the Consenting First Lien Lenders and the First Lien Agent are relying upon such representations and warranties) that:

(a) (i) the Company is indebted to the First Lien Agent and the First Lien Lenders in the principal amount of not less than US$154,246,296.72, plus accrued but unpaid interest and all other amounts (including fees, costs and expenses) owing under the First Lien Credit Agreement and related security documents, (ii) the security held by the First Lien Agent is fully valid and enforceable by the First Lien Agent against the Company in accordance with the terms thereof, unaltered, and (iii) the Company has no claim, demand, set-off, counterclaim or any similar right or claim against the First Lien Agent or the First Lien Lenders;

(b) the Special Committee has approved the Amended and Restated Support Agreement and concluded that entering into the Amended and Restated Support Agreement is in the best interests of the Company and recommended to the Board that it approve the Amended and Restated Support Agreement;

(c) it is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of the Amended and Restated Support Agreement; it has conducted its own analysis and made its own decision to enter into the Amended and Restated Support Agreement and has obtained such independent advice in this regard as it deemed appropriate; and it has not relied in such analysis or decision on any Person other than its own independent advisors;

(d) subject to approval of the Court, the Amended and Restated Support Agreement has been duly executed and delivered by it, and, assuming the due authorization, execution and delivery by all parties, the Amended and Restated Support Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;

(e) it is duly organized, validly existing and in good standing under the federal laws of Canada and, subject to approval by the Court, has all necessary power and authority to execute and deliver the Amended and Restated Support Agreement;

(f) subject to the satisfaction of the conditions precedent contained in the Amended and Restated Support Agreement and the requisite transaction approvals, the execution and delivery of the Amended and Restated Support Agreement by it and the completion by it of either the Plan Transaction or the Credit Bid Transaction do not and will not:

   (i) violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its properties or assets; or

   (ii) as at the date of the Amended and Restated Support Agreement and except where such violation or conflict would not be reasonably expected to cause a material adverse effect on the Company, result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under, or give rise to any third party right of termination, amendment, first refusal, cancellation or acceleration under, or result in any penalty or payment obligation or right of purchase or sale under, any provision of:

      A. its certificate of incorporation, articles, bylaws or other charter documents; or

      B. any agreement, arrangement or understanding to which the Company is a party or by which the Company or any of its properties or assets is bound or affected;

(g) as at March 19, 2018, there was no proceeding, claim or investigation pending before any court, regulatory body, tribunal, agency, governmental or legislative body, or threatened against it or any of its properties that individually or in the aggregate (i) could reasonably be expected to have a material adverse effect on its ability to execute and deliver the Amended and Restated Support Agreement and to consummate the transaction, or (ii) is material to its business;

(h) the audited financial statements have been prepared in accordance with GAAP and the Company's accounting policies and practices consistently applied throughout the periods included therein. The audited financial statements present fairly, in all material respects, the financial condition of the business of the Company as of the dates set forth therein, and the results of operations and cash flows for the periods covered thereby, in conformity with GAAP. The unaudited interim financial statements of the Company as of and for the nine-month period ended September 30, 2017 have been reviewed by the Company's auditor and there are no material modifications that need to be made to the Company's interim financial statements for them to be in conformity with GAAP;

(i) as at March 19, 2018, the Company did not have any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) except: (i) as set forth in the audited financial statements; (ii) for liabilities incurred in the ordinary course of business consistent with past practice subsequent to December 31, 2016 which would not have a material adverse affect on the Company; and (iii) claims against it or liabilities set forth in the Disclosure Letter;

(j) all projections that have been or will be provided or made available by it or any of its representatives to any Consenting First Lien Lender and/or the Advisors have been or will be, when furnished, prepared in good faith and based upon assumptions that the Company believes to be reasonable;

(k) as at March 19, 2018, (i) the Advisors or the Initial Consenting First Lien Lenders had been provided with a true, accurate and complete copy of each material contract (or if not provided with such a copy, the Company has made available for review each material contract, as applicable), (ii) the Company was in compliance with the terms of the material contracts, (iii) the Company was not aware of any existing breach or other event that provides a counterparty to any material contract with the right (with or without notice) to terminate such material contract, and (iv) the Company was not aware of any other obligation, undertaking, arrangement, document, commitment, entitlement or engagement to which the Company is a party or by which the Company is bound that is material to the business or financial condition of the Company;

(l) other than as set forth in the Disclosure Letter, as at March 19, 2018, the Company did not own or occupy any real property;

(m) a complete and correct copy of the agreements to sublease the Company's premises have been provided to the Advisors prior to the date of the Amended and Restated Support Agreement. The details of the subleasing agreements are accurately described in the Disclosure Letter. The terms and conditions of the Company's real property leases will not be affected by, nor will such leases be in default as a result of, the completion of the transactions contemplated by the Amended and Restated Support Agreement;

(n) other than as set forth in the Disclosure Letter, as at March 19, 2018, the Company was not party to or bound by any written employment, service or consulting agreement or other similar agreement that is material to the business or financial condition of the Company, and the Company was not aware of any other arrangement, plan, obligation or understanding to which the Company is a party or bound in respect of employment, service or consulting that is material to the business or financial condition of the Company. As at March 19, 2018, the Initial Consenting First Lien Lenders or the Advisors were provided with copies of all written agreements between the Company and each director, officer, consultant and employee of the Company that provides for severance or termination or other payments in connection with the termination of the employment or engagement of, or resignation of, any such person following a change of control of the Company or a sale of all or substantially all of the assets of the Company;

(o) as at March 19, 2018, it had conducted its business in material compliance with all applicable laws and has not received any notice to the effect that, or had otherwise been advised that, it is not in material compliance with such laws. Without limiting the generality of the foregoing, as at March 19, 2018, the Company had not made any payment, directly or indirectly, on behalf of or for the benefit of the Company, in violation of any applicable laws prohibiting the payment of undisclosed commissions or bonuses or the making of bribe or incentive payments or other arrangements of a similar nature with respect to the conduct of the business of the Company, including the *Corruption of Foreign Public Officials Act* (Canada);

(p) as at March 19, 2018, all material tax returns required to be filed by the Company have been timely filed (taking into account extensions). All such tax returns were correct and complete in all material respects. Other than as set forth in the Disclosure Letter, as at

March 19, 2018, no audit (other than routine audits), administrative proceeding, or judicial proceeding that involves a material amount of tax insofar as they may affect the transaction is pending;

(q) to its knowledge, as at March 19, 2018, the assets of the Company have been insured against risks normally covered by insurance policies by companies carrying on business of a similar nature of the Company and all such insurance policies are in full force and effect, all premiums due and payable thereon have been paid, all material terms and conditions of such policies have been complied with, and no written notice of cancellation or termination has been received by the Company with respect to any such policy that is not replaceable by the Company on substantially similar terms prior to the date of such cancellation;

(r) except as set forth in the Disclosure Letter, since commencement of the CCAA Proceeding, as at March 19, 2018, it had not undergone an adverse change that is material to its business or financial condition, excluding any such effect or effects that result from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; and

(s) no representation or warranty of it contained in the Amended and Restated Support Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in the Amended and Restated Support Agreement not misleading. All responses by it to the inquiries of the Initial Consenting First Lien Lenders and the Advisors concerning it and its business during the due diligence investigation of the Initial Consenting First Lien Lenders and the Advisors have been made in good faith and to the knowledge of the Company. To the knowledge of the Company, all documents provided to the Initial Consenting First Lien Lenders and the Advisors are true, accurate and complete copies in all material respects of the documents they purport to be.

Covenants

Consenting First Lien Lenders' Covenants and Consents

The Amended and Restated Support Agreement provides that, in each case subject to applicable law and any order that may be granted by a court of competent jurisdiction:

(a) Each Consenting First Lien Lender, severally, and not joint and severally, consents and agrees to the terms of the Amended and Restated Support Agreement.

(b) Each Consenting First Lien Lender agrees to take all commercially reasonable actions necessary to consummate the Plan Transaction in accordance with the terms and conditions set forth in the Amended and Restated Support Agreement (including the Plan Term Sheet) and the 2019 CCAA Plan and for certainty, including without limitation, as may be applicable, (i) voting on a timely basis in favour of the 2019 CCAA Plan in respect of its loans, other debt and additional claims in accordance with the 2019 Creditors' Meetings Order or, if necessary, directing the First Lien Agent to vote on a timely basis in favour of the 2019 CCAA Plan in respect of its loans, other debt and additional claims in accordance with the 2019 Creditors' Meetings Order, (ii) supporting the Company's request from the AER of an advance ruling that the AER does not consider the change to control persons (within the meaning of Directive 067) resulting from the implementation of the 2019 CCAA Plan to be an unreasonable risk and providing the Company with all information pertaining to it (or its affiliates) which is necessary to make such request, as applicable (iii) supporting the Company's request for approval of the Authorization Order, the 2019 Creditors' Meetings Order and the 2019 Plan Sanction Order, and (iv) such other actions as may be reasonably required to complete the Plan Transaction, including, to the extent required, directing the First Lien Agent to take all action reasonably necessary to assist the Company and the Monitor with the implementation of the 2019 CCAA Plan, including the payments and distributions to the First Lien Lenders contemplated therein.

(c) Following the occurrence of a CCAA Plan Termination Event, each Consenting First Lien Lender agrees to take all commercially reasonable actions necessary to consummate the Credit Bid Transaction in accordance with the terms and conditions set forth in the Amended and Restated Support Agreement (including the Credit Bid Term Sheet) and for certainty, including without limitation, as may be applicable, (i) causing the Credit Bid Purchaser to execute, deliver and perform its obligations under the PSA, (ii) supporting the Company's license transfer application to the AER and providing all information pertaining to it (or its affiliates) which is necessary to make such applications, as applicable (iii) supporting the Company's request for an Approval and Vesting Order approving the Credit Bid Transaction, the request for the releases, the funding in full of any priority claims (including claims arising under the Court-ordered charges), and the funding of the Administrative Reserve Fund, (iv) supporting the Company's request for approval of the distribution order (as applicable), and (v) such other actions as may be reasonably required to complete the Credit Bid Transaction.

(d) Each Consenting First Lien Lender agrees that between the date of execution of the Amended and Restated Support Agreement and the termination of the Amended and Restated Support Agreement, it shall not, directly or indirectly:

(i) sell, assign, lend, pledge, hypothecate (except with respect to security generally applying to its investments which does not adversely affect such Consenting First Lien Lender's ability to perform its obligations under the Amended and Restated Support Agreement) or otherwise transfer any of its loans, other debt or additional claims or any rights or interests therein (or permit any of the foregoing with respect to any of its loans, other debt or additional claims) or enter into any agreement, arrangement or understanding in connection therewith, except that the Consenting First Lien Lender may transfer its relevant loans, other debt or additional claims (x) to the extent the Consenting First Lien Lender is managing the loans, other debt or additional claims on behalf of a fund, to another fund managed by the same Consenting First Lien Lender for which the Consenting First Lien Lender has sole voting and investment discretion, including sole discretionary authority to manage or administer funds and continues to exercise sole investment and voting authority with respect to the Loans, other debt or additional claims provided that such Consenting First Lien Lender shall continue to be bound by the terms of the Amended and Restated Support Agreement, (y) to another Consenting First Lien Lender, or (z) to any other transferee provided that such transferee constitutes an "Eligible Assignee" (as that term is defined in the First Credit Agreement) and agrees pursuant to a duly executed Joinder Agreement prior to such transfer to be bound by all of the terms of the Amended and Restated Support Agreement as if such transferee had originally executed the Amended and Restated Support Agreement. Within five Business Days of any transfer, each of the transferor and the transferee shall provide the Company and the advisors with written notice of such transfer (including the principal amount of the loans, other debt and/or additional claims affected by such transfer) and, if applicable, a copy of the Joinder Agreement executed by the consenting transferee. Any transfer that does not comply with this paragraph shall be void *ab initio*. For greater certainty, if a Consenting First Lien Lender assigns all of its relevant loans, other debt and/or additional claims pursuant to Section 6(d)(i) of the Amended and Restated Support Agreement shall continue to be binding upon such First Lien Lender with respect to any loans, other debt or additional claims it subsequently acquires;

(ii) except as contemplated by the Amended and Restated Support Agreement, deposit any of its loans, other debt or additional claims into a voting trust, or grant (or permit to be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement, with respect to the voting of its loans, other debt or additional claims if such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Consenting First Lien Lender to comply with its obligations under the Amended and Restated Support Agreement; or

(iii) take any action inconsistent with the Amended and Restated Support Agreement that would frustrate or hinder the consummation of the transaction contemplated by the Amended and Restated Support Agreement.

(e) Each Consenting First Lien Lender agrees that to the extent such Consenting First Lien Lender acquires additional loans or additional claims, such loans or additional claims (as applicable) shall be subject to the Amended and Restated Support Agreement and, with respect to such additional loans or additional claims, shall become loans or additional claims for the purposes of the Amended and Restated Support Agreement, and further agrees that it shall direct the First Lien Agent with respect to any such additional loans or such other applicable party with respect to additional claims in a manner consistent with the Amended and Restated Support Agreement.

(f) If a CCAA Plan Termination Event occurs, each Consenting First Lien Lender shall (i) promptly deliver to the First Lien Agent, copied to the Company, an executed direction for and in respect of all loans then held by such Consenting First Lien Lender legally or beneficially and (ii) as soon as possible thereafter, exercise any power or authority it has to cause the Credit Bid Purchaser to execute, enter into and deliver to the Company the PSA.

(g) Each Consenting First Lien Lender agrees that, until the termination of the Amended and Restated Support Agreement, it shall, on and subject to the terms and conditions of the Amended and Restated Support Agreement:

(i) not revoke the direction;

(ii) use commercially reasonable efforts and take all reasonable necessary actions to support the approval of the transaction as promptly as practicable;

(iii) not propose, file, solicit, vote for or otherwise support any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for the Company;

(iv) support or instruct the Advisors to support all applications filed by the Company in any such court proceeding that are in furtherance of the transaction;

(v) not accelerate or enforce or take any action or initiate any proceeding to accelerate or enforce the payment or repayment of any of its debt (including for greater certainty any due and unpaid interest on its loans) or additional claims;

(vi) forbear from exercising, or directing the First Lien Agent to exercise, any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to any obligations under the First Lien Credit Agreement;

(vii) forbear from exercising, or directing the trustee of the Second Lien Notes to exercise, any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to the Second Lien Notes;

(viii) not take, or omit to take, any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the approval or consummation of the transaction; and

(ix) execute any and all documents and perform any and all commercially reasonable acts required by the Amended and Restated Support Agreement to satisfy all of its obligations including any consent, approval or waiver requested by the Company in furtherance of the transaction, acting reasonably;

provided, however, that nothing contained in the Amended and Restated Support Agreement shall limit the ability of a Consenting First Lien Lender to appear and be heard concerning any matter arising in the CCAA Proceeding so long as such appearance is not inconsistent with the Consenting First Lien Lender's obligations under the Amended and Restated Support Agreement.

(h) Each Consenting First Lien Lender agrees, subject to Section 15 of the Amended and Restated Support Agreement, to the existence and factual details of the Amended and Restated Support Agreement being set out in any public disclosure made by the Company, including press releases and Court materials, provided that such public disclosure is approved by the Company and Advisors, acting reasonably.

(i) Each Consenting First Lien Lender agrees to support the approval of the Credit Bid KERP in the Authorization Order and to comply with the terms of the Credit Bid KERP.

First Lien Agent's Covenants

The Amended and Restated Support Agreement provides that the First Lien Agent covenants and agrees that, in each case subject to applicable law and any order that may be granted by a court of competent jurisdiction:

(a) if required by the terms of the 2019 Creditors' Meetings Order or any other order of the Court and upon receiving written instruction from any Consenting First Lien Lender, the First Lien Agent will exercise such Consenting First Lien Lender's vote in favour of the 2019 CCAA Plan on a timely basis in accordance with the 2019 Creditors' Meetings Order or other order of the Court.

(b) subject to the Consenting First Lien Lenders delivering any required direction(s) to it, the First Lien Agent shall, as soon as possible thereafter, promptly take all action reasonably necessary to assist the Company and the Monitor with the implementation of the 2019 CCAA Plan, including the payments and distributions to First Lien Lenders contemplated therein.

(c) upon the Consenting First Lien Lenders delivering an executed direction to it, the First Lien Agent shall, as soon as possible thereafter, promptly take all actions and steps and execute and deliver such documents as may be requested by the Consenting First Lien Lenders to effect and complete the Credit Bid Transaction, including without limitation, the PSA and the Payment and Settlement Agreement (and including taking all actions that may be requested by the Consenting First Lien Lenders as contemplated by Section 9(a) and Section 17 of the Amended and Restated Support Agreement).

(d) until the termination of the Amended and Restated Support Agreement, it shall, on and subject to the terms and conditions of the Amended and Restated Support Agreement:

(i) not oppose the approval of the transaction;

(ii) support or instruct the Advisors to support all applications filed by the Company in any such court proceeding that are in furtherance of the transaction;

(iii) forbear from exercising any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to any obligations under the First Lien Credit Agreement;

(iv) not take, or omit to take, any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the approval or consummation of the transaction; and

(v) execute any and all documents and perform any and all commercially reasonable acts required by the Amended and Restated Support Agreement to satisfy all of its obligations hereunder including any consent, approval or waiver requested by the Company in furtherance of the transaction, acting reasonably;

provided, however, that nothing contained in the Amended and Restated Support Agreement shall limit the ability of the First Lien Agent to appear and be heard concerning any matter arising in the CCAA Proceeding so long as such appearance is not inconsistent with the First Lien Agent's obligations under the Amended and Restated Support Agreement.

Company's Covenants

The Amended and Restated Support Agreement provides that, in each case subject to obtaining the Authorization Order and subject to applicable law and any order that may be granted by a court of competent jurisdiction:

(a) The Company consents and agrees to the terms of the Amended and Restated Support Agreement, including, for greater certainty, the terms of the Plan Term Sheet and the Credit Bid Term Sheet.

(b) The Company agrees to use its reasonable best efforts (including taking all reasonable actions necessary to obtain any regulatory approvals for the Transaction) to achieve the timelines set out in the Plan Term Sheet or the Credit Bid Term Sheet, as applicable (which timelines may be extended at any time with the approval of the Company and the Majority Consenting First Lien Lenders). Notwithstanding the foregoing, the Company agrees that it shall submit (i) in the case of the Plan Transaction, a request to the AER for an advance ruling that the AER does not consider the change to control persons (within the meaning of Directive 067) resulting from the implementation of the 2019 CCAA Plan to be an unreasonable risk in strict accordance with the dates and/or timelines as specified in the Plan Term Sheet, and (ii) in the case of the Credit Bid Transaction, the license transfer applications to be submitted to the AER (if applicable) in strict accordance with the dates and/or timelines as specified in the Credit Bid Term Sheet. The Company agrees that it shall be responsible for the payment of any filing fees or other costs in connection with the foregoing filings and applications.

(c) The Company shall provide draft copies of all applications and other documents the Company intends to file with the Court to Bennett Jones at least three Business Days prior to the date when the Company intends to file such document (or as soon as possible where it is not reasonably practicable to provide copies three Business Days in advance), all such filings to be filed in form and substance reasonably acceptable to the Majority Consenting First Lien Lenders (except in the case of the 2019 Plan Sanction Order in respect of the Plan Transaction or the Approval and Vesting Order in respect of the Credit Bid Transaction which, in either case, shall be in form and substance acceptable to the Company and Majority Consenting First Lien Lenders, in their sole discretion).

(d) The Company agrees to promptly notify the Consenting First Lien Lenders if, at any time before the termination of the Amended and Restated Support Agreement, the Company becomes aware (i) that any information disclosure for the First Lien Lenders, an application for a regulatory approval or any other order, registration, consent, filing, ruling, exemption or approval under applicable laws contains a statement which is inaccurate or incomplete in any material respect, or (ii) of information that otherwise requires an amendment or supplement to such information disclosure or such application, and (in such event) the Company shall co-operate in the preparation of such amendment or supplement as required.

(e) The Company agrees to (A) indemnify and hold harmless the First Lien Agent, each Consenting First Lien Lender, and their respective subsidiaries and affiliates, and their respective funds, shareholders, officers, directors, employees, partners, advisors, legal counsel and agents from and against any and all liabilities or claims by Persons who are not party to the Amended and Restated Support Agreement (other than liabilities or claims attributable to any of such Persons' gross negligence, fraud or wilful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising on or prior to the earlier of (i) the Effective Date and (ii) the date on which the Amended and Restated Support Agreement is terminated, and (B) reimburse each of the indemnified parties promptly upon demand for all reasonable legal and other expenses reasonably incurred by it in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including, without limitation, in connection with the enforcement of the indemnification obligations set forth in the Amended and Restated Support Agreement).

(f) With respect to material contracts, the Company shall not, unless it has provided five Business Days' notice of same to the Advisors and has not received an objection to same, materially amend, materially modify, replace, terminate, repudiate, disclaim, waive any material right under or take any other material steps or actions (other than a marketing contract consistent with the Company's past practice or as expressly required by such material contracts or in the ordinary course of performing its obligations under such material contracts) under or in respect of such material contracts in any manner.

(g) Except as agreed by the Majority Consenting First Lien Lenders, the Company shall not materially increase compensation or severance entitlements or other benefits payable to its directors, officers or employees, including by way of a key employee incentive plan, or pay any bonuses whatsoever, other than as required by law or as contemplated by the Plan Term Sheet or the Credit Bid Term Sheet. The Company shall not amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change the nature of its business or its corporate or capital structure, other than with the consent of the Majority Consenting First Lien Lenders.

(h) The Company shall not (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any non-revolving indebtedness, (ii) directly or indirectly, create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever, and (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of its assets or property, in each case other than with the consent of the Majority Consenting First Lien Lenders.

(i) Subject to the terms of the Amended and Restated Support Agreement, the Company shall not transfer, lease, license or otherwise dispose of all or any part of its property, assets or undertakings outside the ordinary course consistent with past practice, other than with the consent of the Majority Consenting First Lien Lenders.

(j) The Company shall use commercially reasonable efforts to maintain its assets in a proper and prudent manner in accordance with past practices, and in the ordinary course of business, in material compliance with all laws and directions of governmental entities, and pay or cause to be paid all costs and expenses relating to its assets which become due from the date of the Amended and Restated Support Agreement to the Effective Date.

(k) The Company shall operate its business in the ordinary course of business, having regard to the Company's financial condition, and, in any event, the Company shall not, other than as contemplated by the Amended and Restated Support Agreement, enter into any material agreement (other than agreements for sale of dilbit, purchase of condensate and purchase of natural gas consistent with the Company's past practice), unless it has provided five Business Days' notice of same to the Advisors and has not received an objection to same.

(l) The Company shall not, directly or indirectly, do any of the following, other than as consented to by the Majority Consenting First Lien Lenders:

  (i) issue, sell, grant, pledge, assign, dispose of, encumber or agree to issue, sell, grant, pledge, assign, dispose of or encumber any shares or other securities of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any of its securities;

  (ii) amend or propose to amend its certificate of incorporation, articles, by-laws or other constating documents;

  (iii) declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of its shares;

  (iv) redeem, purchase or offer to purchase any of its securities;

  (v) reduce its capital or the stated capital;

  (vi) (A) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or (B) make any investment either by purchase of securities, contributions of capital, property transfer or purchase of any property or assets of any other Person;

  (vii) Other than as contemplated in its approved budget, make any commitment or propose, initiate or authorize any capital expenditures in excess of CAD$300,000, except in case of an emergency or in respect of amounts which the Company may be committed to expend or be deemed to authorize for expenditure without its consent;

  (viii) waive, release, assign, settle or compromise any claims against or liabilities of the Company in excess of CAD$1,000,000; or

(ix) make any changes in accounting methods, principles, policies or practices, except insofar as may be required by generally accepted accounting principles as in effect from time to time in Canada or applicable laws.

(m) The Company shall promptly notify the Advisors of:

(i) any resignation of, or leave of absence taken by, any of its directors or senior officers;

(ii) any claims threatened or brought against it in excess of CAD$1,000,000; or

(iii) any event, condition or development that has resulted in the inaccuracy or breach of any representation or warranty, covenant or agreement contained in the Amended and Restated Support Agreement made by or to be complied with by it.

(n) The Company shall at all times prior to the termination of the Amended and Restated Support Agreement carry on its business only in the ordinary course consistent with past practice, in accordance with generally accepted oil and gas industry practices and in compliance with all laws, except as may be expressly otherwise provided for in the Amended and Restated Support Agreement or as may be consented to by the Majority Consenting First Lien Lenders.

(o) The Company shall maintain and shall continue to maintain appropriate insurance coverage in amounts and on terms that are customary in the industry of the Company.

(p) The Company shall forthwith upon receipt pay the reasonable and documented fees of the First Lien Agent and the Advisors pursuant to and in accordance with the respective engagement letters or other arrangements or practices in place prior to the date of the Amended and Restated Support Agreement until the Effective Date or termination of the Amended and Restated Support Agreement.

Conditions to Consenting First Lien Lenders' Obligations

The Amended and Restated Support Agreement provides that notwithstanding anything to the contrary contained in such Agreement and without limiting any other rights of the Consenting First Lien Lenders under such Agreement, the obligations of the Consenting First Lien Lenders are specifically and expressly subject to each and all of the following conditions:

(a) the Authorization Order shall have been granted;

(b) the Company shall have executed the Amended and Restated Support Agreement and delivered its signature pages to the Amended and Restated Support Agreement to the Consenting First Lien Lenders;

(c) all material agreements, consents and other material documents relating to the transaction shall be in form and substance reasonably satisfactory to the Majority Consenting First Lien Lenders;

(d) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the transaction shall be satisfactory to the Majority Consenting First Lien Lenders, acting reasonably;

(e) all actions taken by the Company in furtherance of the transaction shall be consistent in all material respects with the Amended and Restated Support Agreement;

(f) the Company shall have complied in all material respects with its covenants and obligations under or in respect of the Amended and Restated Support Agreement (including, for greater certainty, the Plan Term Sheet or the Credit Bid Term Sheet, as applicable);

(g) there shall not have occurred, after the date of the Amended and Restated Support Agreement, any change, effect, event, occurrence or state of facts (other than matters related to the First Lien Credit Agreement) that, individually or in the aggregate, is, or could reasonably be expected to be, materially adverse to the business, properties, assets (tangible or intangible), liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise), capitalization, operation or results of operations of the Company, taken as a whole but excluding any such effect or effects that result from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; and

(h) in the case of the Credit Bid Transaction, following the execution of the PSA, such PSA shall be in full force and effect and the Company shall be in compliance in all material respects with each of its covenants and obligations thereunder.

Conditions to the Company's Obligations

The Amended and Restated Support Agreement provides that notwithstanding anything to the contrary contained in such Agreement and without limiting any other rights of the Company under such Agreement, the obligations of the Company are specifically and expressly subject to each and all of the following conditions:

(a) the Authorization Order shall have been granted;

(b) the Consenting First Lien Lenders and First Lien Agent shall have executed the Amended and Restated Support Agreement and delivered their signature pages hereto to the Company;

(c) the Consenting First Lien Lenders and First Lien Agent shall have complied in all material respects with each of their covenants and obligations in the Amended and Restated Support Agreement (including, for greater certainty, the Plan Term Sheet or the Credit Bid Term Sheet, as applicable) that is to be performed on or before the implementation of the transaction;

(d) following the execution of the PSA by the Credit Bid Purchaser, the PSA shall be in full force and effect and the Credit Bid Purchaser shall be in compliance in all material respects with its covenants and obligations thereunder;

(e) all actions taken by the Consenting First Lien Lenders or First Lien Agent in furtherance of the transaction shall be consistent in all material respects with the Amended and Restated Support Agreement; and

(f) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the transaction shall be satisfactory to the Company, acting reasonably.

Superior Transaction

Pursuant to the Amended and Restated Support Agreement, the Company has agreed to keep the Consenting First Lien Lenders fully apprised of any third party discussions about any other proposed transaction and to not initiate any third party discussions without obtaining the prior approval of the Majority Consenting First Lien Lenders. If the Special Committee believes that an alternative transaction proposal is available that is reasonably expected to result in a transaction (a "**Superior Transaction**") that is more favourable to the Company, the First Lien Lenders and the Company's other stakeholders (if applicable), and determines that it can no longer recommend the Plan Transaction or Credit Bid Transaction in light of its fiduciary duties, the Consenting First Lien Lenders shall have five Business Days after receipt of notification from the Company of the terms of such proposal to propose an alternative that is of comparable value to the Company and its stakeholders and provides for a treatment to the First Lien Lenders that is at least as favourable in all respects as the Superior Transaction at which time the Company shall commit to and approve such alternative proposal.

Credit Bid KERP

The Credit Bid KERP is a milestone-based retention and incentive program designed specifically to ensure that the Company's key employees (the "**Credit Bid KERP Beneficiaries**") are incentivized to remain in their positions with the Company, successfully implement a transaction, and ensure the Company's continuing operation following emergence from CCAA protection.

The aggregate amount payable under the Credit Bid KERP is $1,600,000. The Credit Bid KERP will be paid out half ($800,000 in the aggregate) in 2019 and half ($800,000) in 2020. Pursuant to the Amended and Restated Support Agreement Approval Order, the payments under the Credit Bid KERP (the "**Credit Bid KERP Payments**") are secured by the KEIP Charge.

The Credit Bid KERP Payments are treated as an Unaffected Claim under the 2019 CCAA Plan and, in the event that the Credit Bid Transaction is implemented, the Credit Bid KERP Payments shall be an "Assumed Liability" pursuant to the PSA.

Termination

The Amended and Restated Support Agreement may be terminated by the Majority Consenting First Lien Lenders or First Lien Agent, in their sole discretion, by providing written notice to the other parties to the Amended and Restated Support Agreement, upon:

(a) the Company failing to meet any of the timeline requirements set for in the Credit Bid Term Sheet (as such times may be extended in accordance with the terms of the Amended and Restated Support Agreement);

(b) the Company breaching any of its material obligations, covenants, representations or warranties under the Amended and Restated Support Agreement, provided that if such obligation, covenant, representation or warranty is curable, it remains uncured for five Business Days after receipt by the Company of written notice thereof;

(c) the issuance of any preliminary or final decision, order or decree by a governmental entity, or the commencement of an action or investigation by any governmental entity, in consequence of or in connection with the transaction, which restrains, impedes or prohibits the transaction;

(d) the appointment of a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator with respect to the Company, unless such appointment is made with the prior written consent of the Majority Consenting First Lien Lenders; or

(e) any of the conditions precedent set out in Section 10 of the Amended and Restated Support Agreement not being waived, or satisfied or discharged in accordance with the terms thereof,

in each case unless the event giving rise to the termination right is waived or cured in accordance with the terms of the Amended and Restated Support Agreement;

The Amended and Restated Support Agreement may be terminated by the Company by providing written notice to the other parties to the Consenting First Lien Lenders and First Lien Agent, upon:

(a) (i) with respect to any Consenting First Lien Lender, if such Consenting First Lien Lender has materially breached any of its obligations, covenants, representations or warranties under the Amended and Restated Support Agreement, provided that if such obligation, covenant, representation or warranty is curable, it remains uncured for five business days after receipt by the applicable Consenting First Lien Lender or written notice thereof; and

(ii) with respect to all of the Consenting First Lien Lenders if at any time the aggregate outstanding principal amount of the Loans held by all Consenting First Lien Lenders does not equal more than 50% of the aggregate outstanding principal amount of the loans, and remains uncured for five business days;

(b) in the event that any of the timeline requirements set forth in the Credit Bid Term Sheet are not satisfied within the times set forth therein (as such times may be extended in accordance with the terms of the Amended and Restated Support Agreement);

(c) the issuance of any preliminary or final decision, order or decree by a governmental entity, or the commencement of an action or investigation by any governmental entity, in consequence of or in connection with the transaction, which restrains, impedes or prohibits the transaction; or

(d) any of the conditions set out in Section 11 of the Amended and Restated Support Agreement not being waived, or satisfied or discharged in accordance with the terms thereof.

The Amended and Restated Support Agreement may be terminated at any time by written consent of the Company, each Consenting First Lien Lender and the First Lien Agent.

DESCRIPTION OF THE PLAN TERM SHEET

The description of the Plan Term Sheet, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Plan Term Sheet which is attached as Schedule "B" to the Amended and Restated Support Agreement. Readers are encouraged to review the Plan Term Sheet and the 2019 CCAA Plan in their entirety.

Timeline for the Plan Transaction

The agreed timeline for the Plan Transaction is as follows:

(a) Obtain Court approval of the Authorization Order – May 16, 2019;

(b) Obtain Court approval of the Creditors' Meetings Order – May 16, 2019;

(c) Hold the 2019 Creditors' Meetings – June 19, 2019;

(d) Obtain the 2019 Plan Sanction Order – June 20, 2019; and

(e) Implement the 2019 CCAA Plan and close the Plan Transaction – July 31, 2019.

Unless otherwise agreed by the Company and the Consenting First Lien Lenders, implementation and closing of the Plan Transaction shall occur two Business Days following the satisfaction of all of the conditions precedent to the 2019 CCAA Plan.

Plan Transaction

The Plan Transaction shall include the following transactions whereby, among other things, pursuant to and in accordance with the 2019 CCAA Plan:

(a) All Affected Claims shall be compromised and extinguished;

(b) A portion of Connacher's Cash on Hand shall be used to (i) satisfy in full all claims which rank *pari passu* with or in priority to the First Lien Claim, and (ii) establish the Administrative Reserve Fund;

(c) The Municipality's Alleged Priority Secured Claim, and any security underlying such claim, shall be discharged as against the Company and the Municipal Tax Fund shall stand in the place and stead of the Municipality's security;

(d) Each Tranche A Lender shall receive in respect of the principal amount of its Tranche A Loans its *pro rata* share of the obligations under the New Senior Secured Term Facility;

(e) Each Tranche A Lender and Tranche B Lender shall receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and, in the case of a Tranche B Lender, the principal and accrued interest on its Tranche B Loans, its *pro rata* share of the New Shares; and

(f) A portion of the Company's Cash on Hand shall be used to establish the General Creditor Pool in the amount of $500,000 (plus the amount required to satisfy Convenience Class Claims) which shall be distributed to the Affected Creditors in the General Creditor Class in accordance with the 2019 CCAA Plan.

New Senior Secured Term Facility

The New Senior Secured Term Facility is a first lien term facility in the amount of US$41,837,684.35, to be made available to the Company pursuant to the terms of a new first lien credit agreement to be entered into (the "**New First Lien Credit Agreement**). The material terms of the New First Lien Credit Agreement include:

(a) Original Issue Discount – 2.0%, to be paid by the Borrower to the New Senior Secured Term Facility Agent on the Effective Date. This term requires the Company to make a US$836,753.68 cash payment to the First Lien Lenders on the Effective Date;

(b) Agent – the First Lien Agent or such other agent acceptable to the Consenting First Lien Lenders;

(c) Maturity – five years from the effective date;

(d) Interest rate– term loans will bear interest at the three month U.S. dollar LIBOR rate plus 9.5% (with a minimum LIBOR "floor" of 2.0%), payable in cash quarterly in arrears;

(e) Amortization – Partial repayments of the principal amount of the New Senior Secured Term Facility payable on the last Business Day of each fiscal quarter of the Company during the term of the New Senior Secured Term Facility as follows:

Term	% Amort	$ Amort	Outstanding Principal
0.25y	1.2500%	$522,971	$41,314,713
0.50y	1.2500%	$522,971	$40,791,742
0.75y	1.2500%	$522,971	$40,268,771
1.00y	1.2500%	$522,971	$39,745,800
1.25y	1.8750%	$784,457	$38,961,343
1.50y	1.8750%	$784,457	$38,176,887
1.75y	1.8750%	$784,457	$37,392,430
2.00y	1.8750%	$784,457	$36,607,974
2.25y	2.5000%	$1,045,942	$35,562,031
2.50y	2.5000%	$1,045,942	$34,516,089
2.75y	2.5000%	$1,045,942	$33,470,147
3.00y	2.5000%	$1,045,942	$32,424,205
3.25y	3.1250%	$1,307,428	$31,116,777
3.50y	3.1250%	$1,307,428	$29,809,350
3.75y	3.1250%	$1,307,428	$28,501,922
4.00y	3.1250%	$1,307,428	$27,194,495
4.25y	3.75%	$1,568,913	$25,625,581
4.50y	3.75%	$1,568,913	$24,056,668
4.75y	3.75%	$1,568,913	$22,487,755
5.00y	53.75%	$22,487,755	$0

(f) Guarantors – any existing and future subsidiaries of the Company;

(g) Security and ranking – first lien security interest in substantially all of the Company's and guarantors' assets, subject to the terms of any intercreditor agreement entered into in connection with any ABL Facility (as defined below) and subject to permitted encumbrances including (i) ATB's security interest in certain cash collateral held by ATB in connection with the ATB Credit Facilities which will be unaffected by the 2019 CCAA Plan, and (ii) the security interests granted in connection with the BEH Royalty Agreement, which will be unaffected by the 2019 CCAA Plan; and

(h) Mandatory prepayments – subject to any intercreditor agreement, amounts outstanding under the New Senior Secured Term Facility will be subject to mandatory prepayments from asset dispositions under provisions similar to the comparable provisions of the First Lien Credit Agreement regarding asset dispositions, or as otherwise required (in the case of asset dispositions) by the Consenting First Lien Lenders; and for certainty no other mandatory prepayments except for payments pursuant to the amortization schedule.

The terms of the New Senior Secured Term Facility are different from the terms of the exit term loan contemplated by the Recapitalization Term Sheet under the Original Support Agreement as a result of, among other things, (i) a different principal amount and different mandatory quarterly principal repayment amounts, (ii) a different reference rate for interest payable on the loan, (iii) no excess cash flow sweep and related principal repayment requirement, and (iv) an original issue discount payment by the Company equal to 2.0% of the amount of the New Senior Secured Term Facility to be paid by the Company on the Effective Date as described in clause (a) above.

New Shares

The New Shares to be issued to the First Lien Lenders shall be voting common shares of a new class of shares of the Company, which, immediately following issuance, will constitute all of the issued and outstanding shares of the Company.

The issuance of the New Shares pursuant to the 2019 CCAA Plan will be exempt from the prospectus requirements of applicable Canadian securities laws. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available in respect of such New Shares to be issued pursuant to the 2019 CCAA Plan. See "*Certain Legal Matters* - *Canadian Securities Laws* ".

New Shares issued under the 2019 CCAA Plan will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States. Such New Shares will instead be issued in reliance upon exemptions under the 1933 Act and applicable exemptions under state securities laws.

Employee Matters

The MIP and Executive Employment Agreements shall be in place on terms acceptable to the Consenting First Lien Lenders and the applicable management team employees on the effective date. The Company's obligations to its non-executive employees shall remain unaffected by the 2019 CCAA Plan.

The Credit Bid KERP shall have been approved by the Court pursuant to the Authorization Order.

New Board

Upon implementation of the Plan Transaction, the New Board will be comprised of at least five directors, who will initially be:

(a) Merle Johnson, who shall be Chief Executive Officer of the Company;

(b) A representative of each person (or group of persons acting jointly or in concert for this purpose) that, upon implementation of the Plan Transaction, will hold at least 20% of the New Shares; and

(c) To the extent not all of the initial New Board members are selected in accordance with the above criteria, the Consenting First Lien Lenders, in consultation with the Company, shall designate the remaining members of the New Board, each of which will be independent.

ABL Credit Facility

Following the Effective Date, the Company may procure a senior secured multi-currency "first out" asset-based revolving credit facility in an amount up to US$25 million (the "**ABL Facility**"), which amount may be increased with the consent of lenders holding more than 50% of the principal amount outstanding under the Newco Senior Secured Term Facility.

DESCRIPTION OF THE CREDIT BID TERM SHEET

The description of the Credit Bid Term Sheet, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Credit Bid Term Sheet which is attached as Schedule "D" to the Amended and Restated Support Agreement. Readers are encouraged to review the Credit Bid Term Sheet and the PSA in their entirety.

Timeline for the Credit Bid Transaction

The agreed timeline for the Credit Bid Transaction is as follows:

(a) Execution of the PSA – promptly after the occurrence of a CCAA Plan Termination Event;

(b) Obtain the Approval and Vesting Order – within 15 Business Days after execution of the PSA;

(c) Submission of AER licence transfer applications – contemporaneously with the execution of the PSA; and

(d) Deadline for occurrence of effective date (ie. closing of the PSA and completion of all other steps) – within 45 days after the Approval and Vesting Order is granted.

The Credit Bid Term Sheet provides, among other things, that in the event of a CCAA Plan Termination Event, the First Lien Agent and the Consenting First Lien Lenders shall take such steps as are required to promptly cause the Credit Bid Purchaser to execute and deliver the PSA to the Company and to proceed in respect of the implementation of the Credit Bid Transaction as soon as possible thereafter.

The Credit Bid Transaction, if implemented, would not provide a recovery to stakeholders other than the First Lien Lenders and creditors with allowed claims that rank *pari passu* with or in priority to the First Lien Claim.

The Company has not sought Court approval of the PSA or the transactions contemplated therein. If a CCAA Plan Termination Event occurs, the Company intends to return to the Court to seek approval of the PSA and the granting of an Approval and Vesting Order approving the PSA and vesting the purchased assets in the Credit Bid Purchaser.

Credit Bid Transaction – Conversion of Existing First Lien Debt

The Credit Bid Transaction shall include the following transactions whereby:

(a) The Company shall transfer to the Credit Bid Purchaser all or substantially all of its Assets, and the Credit Bid Purchaser shall assume substantially all of the Company's post-CCAA filing trade payables and contractual obligations and make offers of employment to all employees and assume all related obligations;

(b) The Company shall maintain cash necessary to satisfy in full any claims (including claims under the Court-ordered charges) which rank *pari passu* with or in priority to the First Lien Claim;

(c) The Credit Bid Purchaser and the Company as initial lender shall enter into the New First Lien Credit Agreement, and the Credit Bid Purchaser shall issue to the Company a term note in a principal amount equal to US$41,837,684.35 (the "**Term Note**");

(d) The Credit Bid Purchaser shall issue the Newco Shares to the Company;

(e) At closing, the Company and the First Lien Agent will enter into a "**Payment and Settlement Agreement**" whereby (i) the Company will transfer to the First Lien Agent on behalf of the First Lien Lenders (A) all of the Company's rights and obligations under each of the New First Lien Credit Agreement and the Term Note, and (B) all of the Company's rights in the Newco Shares; and (ii) a portion of the Company's obligations to the First Lien Agent shall be confirmed as repaid, with the Company's remaining obligations to the First Lien Agent to be classified as residual debt;

(f) Each Tranche A Lender shall receive in respect of the principal amount (but not accrued interest) of its Tranche A Loans its *pro rata* share of the obligations under the New Senior Secured Term Facility, based on the outstanding principal amount of Tranche A Loans owing to a Tranche A Lender in relation to the outstanding aggregate principal amount of Tranche A Loans owing to all Tranche A Lenders as of the effective date;

(g) Each Tranche A Lender and Tranche B Lender shall receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and in the case of a Tranche B Lender, the principal and accrued interest on its Tranche B Loans, its *pro rata* share of the Newco Shares issued to First Lien Lenders, based on the outstanding accrued interest of Tranche A Loans and the outstanding principal and accrued interest of Tranche B Loans owing to a First Lien Lender in relation to the outstanding aggregate accrued interest on Tranche A Loans and principal and accrued interest of Tranche B Loans owing to all First Lien Lenders as of the effective date; and

(h) The Credit Bid Purchaser will become the operating entity of the Company's business upon successful completion of the Credit Bid Transaction.

Credit Bid Purchaser

The Credit Bid Purchaser, also referred to in this Circular as "Newco", is to be a newly incorporated company to be organized in a jurisdiction acceptable to the Consenting First Lien Lenders. The Credit Bid Purchaser will not be a "reporting issuer" (or the equivalent) in any jurisdiction of Canada or the United States.

Newco Shares

The number of Newco Shares to be issued upon or in connection with implementation of the Credit Bid Transaction will be determined by the Consenting First Lien Lenders, in consultation with the Company, prior to execution of the PSA.

New Senior Secured Term Facility

The New Senior Secured Term Facility is a first lien term facility in the amount of US$41,837,684.35, to be made available to Newco pursuant to the terms of a new first lien credit agreement to be entered into (the "**New First Lien Credit Agreement**). The material terms of the New First Lien Credit Agreement include:

(a) Borrower – Newco;

(b) Original Issue Discount – 2.0% to be paid by Newco to the First Lien Agent or such other agent acceptable to the Consenting First Lien Lenders for the benefit of the First Lien Lenders on the Effective Date. This term requires Newco to make a US$836,753.68 cash payment to the First Lien Lenders on the Effective Date;

(c) Agent – the First Lien Agent or such other agent acceptable to the Consenting First Lien Lenders;

(d) Maturity – five years from the effective date;

(e) Interest rate– term loans will bear interest at the three month U.S. dollar LIBOR rate plus 9.5% (with a minimum LIBOR "floor" of 2.0%), payable in cash quarterly in arrears;

(f) Amortization – Partial repayments of the principal amount of the Newco Senior Secured Term Facility payable on the last Business Day of each fiscal quarter of Newco during the term of the Newco Senior Secured Term Facility as follows:

Term	**% Amort**	**$ Amort**	**Outstanding Principal**
0.25y	1.2500%	$522,971	$41,314,713
0.50y	1.2500%	$522,971	$40,791,742
0.75y	1.2500%	$522,971	$40,268,771
1.00y	1.2500%	$522,971	$39,745,800
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1.50y	1.8750%	$784,457	$38,176,887
1.75y	1.8750%	$784,457	$37,392,430
2.00y	1.8750%	$784,457	$36,607,974
2.25y	2.5000%	$1,045,942	$35,562,031
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3.75y	3.1250%	$1,307,428	$28,501,922
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4.50y	3.75%	$1,568,913	$24,056,668

4.75y	3.75%	$1,568,913	$22,487,755
5.00y	53.75%	$22,487,755	$0

(g) Guarantors – any existing and future subsidiaries of Newco;

(h) Security and ranking – first lien security interest in substantially all of Newco's and the guarantors' assets, subject to the terms of any intercreditor agreement entered into in connection with any ABL Facility (as defined below) and subject to permitted encumbrances including (i) ATB's security interest in certain cash collateral held by ATB in connection with the ATB Credit Facilities which will be unaffected by the 2019 CCAA Plan, and (ii) the security interests granted in connection with the BEH Royalty Agreement, which will be unaffected by the 2019 CCAA Plan; and

(i) Mandatory prepayments – subject to any intercreditor agreement, amounts outstanding under the Newco Senior Secured Term Facility will be subject to mandatory prepayments from asset dispositions under provisions similar to the comparable provisions of the First Lien Credit Agreement regarding asset dispositions, or as otherwise required (in the case of asset dispositions) by the Consenting First Lien Lenders; and for certainty no other mandatory prepayments except for payments pursuant to the amortization schedule.

The terms of the New Senior Secured Term Facility are different from the terms of the exit term loan contemplated by the Recapitalization Term Sheet under the Original Support Agreement as a result of, among other things, (i) a different principal amount and different mandatory quarterly principal repayment amounts, (ii) a different reference rate for interest payable on the loan, (iii) no excess cash flow sweep and related principal repayment requirement, and (iv) an original issue discount payment by Newco equal to 2.0% of the amount of the New Senior Secured Term Facility to be paid by Newco on the Effective Date as described in clause (b) above.

Employee Matters

The MIP and the Executive Employment Agreements shall be in place on terms acceptable to the Consenting First Lien Lenders and the applicable management team employees on the effective date. The Credit Bid Purchaser's obligations to its non-executive employees shall be assumed by the Credit Bid Purchaser and shall otherwise remain unaffected by the Credit Bid Transaction.

The Credit Bid KERP shall have been approved by the Court pursuant to the Authorization Order.

Corporate Governance

Upon implementation of the Credit Bid Transaction, the New Board of Newco will be comprised of at least five directors, who will initially be:

(a) Merle Johnson, who shall be Chief Executive Officer of the Credit Bid Purchaser;

(b) A representative of each person (or group of persons acting jointly or in concert for this purpose) that, upon implementation of the Credit Bid Transaction, will hold at least 20% of the Newco Shares; and

(c) To the extent not all of the initial New Board members are selected in accordance with the above criteria, the Consenting First Lien Lenders, in consultation with the Credit Bid Purchaser shall designate the remaining members of the New Board, each of which will be independent.

ABL Credit Facility

Newco may procure a senior secured multi-currency “first out” asset-based revolving credit facility in an amount up to US$25 million (the “**ABL Facility**”), which amount may be increased with the consent of lenders holding more than 50% of the principal amount outstanding under the Newco Senior Secured Term Facility.

DESCRIPTION OF THE 2019 CCAA PLAN

The description of the 2019 CCAA Plan, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the 2019 CCAA Plan which is attached to this Circular as Exhibit B. Readers are encouraged to review the 2019 CCAA Plan in its entirety.

Purpose and Effect of the 2019 CCAA Plan

The purpose of the 2019 CCAA Plan is (i) to implement the Recapitalization, (ii) to complete a reorganization of the Company’s financial obligations, and (iii) to effect a compromise and arrangement of all Affected Claims, in order to enable the business of the Company to continue as a going concern, in the expectation that a greater benefit will be derived from the Plan Transaction than would result from the Credit Bid Transaction.

If the 2019 CCAA Plan is implemented, the First Lien Lenders will become the sole equity holders of the Company. With the exception of the distributions to be made to the First Lien Lenders, all of the Company’s General Creditors will receive substantially the same treatment under the 2019 CCAA Plan that they voted unanimously to receive under the 2018 CCAA Plan, which was approved unanimously by the voting creditors and sanctioned by the Court prior to its termination.

Pursuant to the 2019 CCAA Plan, the Monitor shall hold the Municipal Tax Fund and shall be responsible for assessing the quantum, validity and enforceability of the Municipality’s Alleged Priority Secured Claim. Upon the Effective Date, the Alleged Priority Secured Claim, and any security underlying such claim, shall be discharged as against the Company, and the Municipal Tax Fund shall stand in the place and stead of the Municipality’s security. No distributions shall be made from the Municipal Tax Fund absent (i) an agreement in writing as between the Municipality, the Company, the Monitor and the Majority Consenting First Lien Lenders, or (ii) an order of the Court.

Affected Claims, Unaffected Claims and Equity Claims

Affected Claims

The 2019 CCAA Plan provides for a compromise of all Affected Claims and the implementation of the Recapitalization and the Restructuring Transactions. As described in further detail below, upon implementation of the 2019 CCAA Plan, the Affected Claims shall be irrevocably and finally extinguished and the following transactions shall occur:

(a) a portion of the Company’s Cash on Hand shall be used to (i) satisfy in full all claims which rank *pari passu* with or in priority to the First Lien Claim, and (ii) establish the Administrative Reserve Fund;

(b) each Tranche A Lender shall receive in respect of the principal amount of its Tranche A Loans its *pro rata* share of the obligations under the New Senior Secured Term Facility;

(c) each Tranche A Lender and Tranche B Lender shall receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and, in the case of a

Tranche B Lender, the principal and accrued interest on its Tranche B Loans, its *pro rata* share of the New Shares; and

(d) a portion of the Company's Cash on Hand shall be used to establish the General Creditor Pool in the amount of $500,000 (plus the amount required to satisfy Convenience Class Claims) which shall be distributed to the Affected Creditors in the General Creditor Class in accordance with the 2019 CCAA Plan.

Unaffected Claims

Subject to certain provisions, the 2019 CCAA Plan does not compromise the following (collectively, the "**Unaffected Claims**"):

(a) Post-Filing Claims, provided that any Post-Filing Claims that were required to be preserved pursuant to the Supplemental Claims Procedure Order have been preserved;

(b) Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order against Directors that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA, provided that the recovery of such Claims shall be limited to the proceeds of any Director insurance policies;

(c) Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order that cannot be compromised due to the provisions of Section 19(2) of the CCAA, except any Claims to which Section 10.11 of the 2019 CCAA Plan applies which shall be Affected Claims for the purposes of the 2019 CCAA Plan;

(d) An Insured Claim provided that the Person holding the Insured Claim delivers to the Monitor by no later than 5:00 pm (Calgary time) on a date that is two Business Days before the date of the 2019 Creditors' Meetings a completed and duly signed Insured Claim Option Notice in which the Person elects to pursue an Insured Claim for its Claim and waives any right to recover such Claim from the Company or under the 2019 CCAA Plan;

(e) Any indebtedness, liability or obligation of the Company of any kind to BEH under or pursuant to the BEH Royalty Agreement;

(f) Except as expressly provided in Section 3.8(d) of the 2019 CCAA Plan, any indebtedness, liability or obligation of the Company of any kind to ATB under or pursuant to the ATB Credit Facilities; and

(g) Any obligation of the Company under the Credit Bid KERP which is not yet due and owing, or has not been satisfied in full, as of the Effective Date.

Persons with Unaffected Claims shall not be entitled to vote at any 2019 Creditors' Meeting or receive any distributions under the 2019 CCAA Plan in respect of the portion of their Claim which is an Unaffected Claim. Nothing in the 2019 CCAA Plan shall affect the Company's or the Directors' rights to defences, both legal and equitable, with respect to any Unaffected Claim including any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

Equity Claims

At the Effective Time, the 2019 CCAA Plan will be binding on all holders of Equity Claims. Holders of Equity Claims will not receive a distribution or other consideration under the 2019 CCAA Plan and will not be entitled to vote on the 2019 CCAA Plan in respect of their Equity Claims. **On the Effective Date all Equity Claims will be finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred on the Effective Date without any compensation.**

In proposing the 2019 CCAA Plan, the Company considered, among other things, the legal entitlements of stakeholders in the absence of the CCAA Proceeding, their expected economic recovery if no 2019 CCAA Plan is approved and their proposed treatment under the 2019 CCAA Plan. Since the value of the recoveries to be given to Affected Creditors is less than the value of their Claims, there is no residual value in the Company to be given to the holders of Existing Shares and other holders of Equity Claims. The Company believes that the 2019 CCAA Plan fairly balances all stakeholder interests.

Claims Procedures

The procedure for determining the validity and quantum of the Affected Claims and resolving Disputed Claims for voting and distribution purposes under the 2019 CCAA Plan is governed by the Claims Procedure Order, the Supplemental Claims Procedure Order, the 2019 Creditors' Meetings Order, the CCAA, the 2019 CCAA Plan and any further Order of the Court. The applicable orders are posted on the Website. All Affected Creditors should refer to the Claims Procedure Order and the Supplemental Claims Procedure Order for a complete description of the procedures pursuant to which Affected Claims are determined for both voting and distribution purposes.

With respect to the determination of claims, the law of set-off applies to all Claims made against the Company and to all actions instituted by it for the recovery of debts due to the Company in the same manner and to the same extent as if the Company was plaintiff or defendant, as the case may be.

Classification of Creditors

For the purposes of considering and voting on the 2019 CCAA Plan and receiving a distribution thereunder, the Affected Creditors are grouped into two Classes: (a) the First Lien Lender Class; and (b) the General Creditor Class.

The First Lien Lender Class is comprised of the First Lien Lenders.

The General Creditor Class consists of all Affected Creditors other than creditors explicitly excluded pursuant to the 2019 CCAA Plan. The General Creditor Class includes, among others, the First Lien Lenders (with respect to the First Lien Deficiency Claim), the Beneficial Noteholders (on account of the Second Lien Claim, the entire amount of which is an unsecured deficiency claim), and other unsecured creditors.

2019 Creditors' Meetings

The 2019 Creditors' Meetings will be held in accordance with the 2019 Creditors' Meetings Order and any further Order of the Court. The only Persons entitled to attend the 2019 Creditors' Meetings are those specified in the 2019 Creditors' Meetings Order and any further Order of the Court.

Restructuring Transactions

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected in five minute increments (unless otherwise indicated) and at the times set out in this section (or in such other manner or order or at such other time or times as the Company may determine in consultation with the Monitor and the Consenting First Lien Lenders), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) the Monitor shall make the payments and distributions contemplated by the 2019 CCAA Plan on the Effective Date;

(b) the articles of the Company under the CBCA shall be amended

(i) to create the New Shares as a new class of shares that the Company is authorized to issue, which shares shall be unlimited in number, be designated as "Class A Common Shares", and have attached thereto the following rights, privileges, restrictions and conditions:

A. the right to receive notice of and to attend all meetings of shareholders of the Company, and to one vote in respect of each Class A Common Share at all such meetings;

B. subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares and any other class of shares ranking senior to the Class A Common Shares, the right to receive and participate rateably in any dividend declared by the Board of Directors of the Company; and

C. subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares and any other class of shares ranking senior to the Class A Common Shares, in the event of the liquidation, dissolution or winding up of the Company or other distribution of the property of the Company among the shareholders for the purpose of winding up its affairs, the right to receive and participate rateably in the distribution of the remaining property of the Company;

(ii) to include a restriction on the transfer of shares of the Company, to the effect that no shares may be transferred without the approval of the board of directors of the Company; and

(iii) to provide that the Company has a lien on a share registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the Company;

(c) the Company shall issue Class A Common Shares to the First Lien Lenders in accordance with Sections 5.2 and 7.1 of the 2019 CCAA Plan, provided, however, that no fractional Class A Common Shares shall be allocated or issued and any fractional Class A Common Shares that would have otherwise been issued shall be rounded down to the nearest whole number without compensation therefor;

(d) all of the Company's issued and outstanding Equity Claims shall be cancelled without any return of capital or other payment in respect thereof and in particular, but without limitation, all outstanding Existing Shares, warrants, options and other rights or obligations to acquire Existing Shares shall be cancelled for no consideration;

(e) the Shareholders Agreement shall become effective;

(f) the Company shall execute and deliver to the New Senior Secured Term Facility Agent the New Senior Secured Term Facility;

(g) the Administration Charge, the Directors' Charge, the KERP/LTIP Charge, the KEIP Charge, the Financial Advisor Charge and the ATB Charge shall be deemed to be released as against the assets of the Company and the Plan Implementation Fund, provided that the Administration Charge shall continue to be secured against the assets of the Administrative Reserve Fund;

(h) the Affected Creditors shall be entitled to the treatment set out in the 2019 CCAA Plan in full and final settlement of their Affected Claims, and:

(i) the Affected Claims shall, and shall be deemed to be, irrevocably and finally extinguished and such Affected Creditors shall have no further right, title or interest in and to its Affected Claim;

(ii) no Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Affected Claim or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of an Affected Claim will be entitled to any greater rights as against the Company than the Person whose Affected Claim is compromised under the 2019 CCAA Plan;

(iii) all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder to any compensation or participation other than as expressly provided for in the 2019 CCAA Plan and will be deemed cancelled and extinguished;

(iv) all distributions made pursuant to the 2019 CCAA Plan to Affected Creditors will be allocated first towards the repayment of the amount of the Affected Claim attributable to principal and, if greater than the amount of principal, second, towards the repayment of any amount of such Claim attributable to unpaid interest;

(i) the discovery, extended reporting, or run-off period under applicable insurance policies in favour of Directors or Officers shall be deemed to be triggered, with payment of insurance premiums and any applicable fees for such run-off period being made from funds on deposit with or held in escrow for such purpose by the Company's insurance broker;

(j) the directors of the Company holding office immediately prior to the Effective Time shall be deemed to have resigned and the individuals comprising the New Board shall be deemed to have been appointed as directors;

(k) all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its subsidiaries shall survive the completion of the 2019 CCAA Plan and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date;

(l) the releases and injunctions referred to in Article 10 of the 2019 CCAA Plan shall become effective, and shall be deemed to be, fully, finally, irrevocably and forever compromised, settled, released, discharged, extinguished, cancelled and barred and the Company shall be fully, finally and irrevocably released from any and all claims, liabilities or obligations of any kind to an Affected Creditor, Creditor or Person, and the Affected Creditors shall only have rights thereafter as against the General Creditor Pool held by the Monitor or against the reserves and funds established pursuant to the 2019 CCAA Plan as applicable; and

(m) the Company and its wholly owned subsidiary, 11403389 Canada Inc., shall amalgamate to continue as one corporation under Section 184(1) of the CBCA.

The implementation of all matters contemplated under the 2019 CCAA Plan involving corporate action of the Company, including the Restructuring Transactions and the filing of the Articles of Reorganization, will be authorized and approved under the 2019 CCAA Plan and by the Court as part of the 2019 Plan Sanction Order without any requirement of further action.

The amalgamation of the Company and its wholly owned subsidiary, 11403389 Canada Inc., will be effected pursuant to the "short form" amalgamation provisions of the CBCA, which permit the amalgamation of a parent corporation with one or more wholly-owned subsidiaries in summary fashion. In accordance with these provisions, the articles of the amalgamated corporation – which will continue under the name Connacher Oil and Gas Limited – will be the same as the articles of the Company as in effect immediately before the amalgamation. Going forward, the Company's articles of amalgamation will therefore reflect the amendments set out in the Articles of Reorganization.

The Company's amalgamation with its wholly owned subsidiary, 11403389 Canada Inc., which has no active business operations, nominal assets and no liabilities, will have no impact on its continuing business or financial position.

Funding of the Plan Implementation Fund

On or prior to the Effective Date, the Company is required to deliver to the Monitor from the Company's Cash on Hand the aggregate amount necessary, as determined by the Monitor and the Company, with the consent of the Majority Consenting First Lien Lenders (each acting in good faith), to fully pay or satisfy:

(a) the amount required to satisfy the Administration Charge, the Directors' Charge, the KERP/LTIP Charge, the ATB Charge, the Financial Advisor Charge, and the KEIP Charge, each as may be amended by Order of the Court as of the Effective Date;

(b) the amount, if any, required to be held in the Directors' Charge Claims Reserve;

(c) the amount, if any, required to be held in the Retention Plan Claims Reserve in respect of Alleged Retention Plan Claims;

(d) $750,000 to be held in the Administrative Reserve Fund on the Effective Date, which is to be held by the Monitor to account for the reasonable fees and disbursements of advisors retained by the Company and the Monitor and other reasonable costs and expenses incurred by such parties in connection with implementing the 2019 CCAA Plan and winding up the CCAA Proceeding;

(e) the amount required to satisfy the payment in full of the Priority Secured Claims as of the Effective Date;

(f) the amount, if any, required to be held in the Priority Secured Claims Reserve in respect of Alleged Priority Secured Claims;

(g) the amount required to satisfy the payment in full of the Crown Priority Claims;

(h) the amount required to satisfy the payment in full of the Employee Priority Claims;

(i) the amount required to establish the General Creditor Pool (which will be $500,000 plus amounts necessary to satisfy the Convenience Class Creditors); and

(j) the amount required to establish the Municipal Tax Fund.

General Creditor Pool

The General Creditor Pool will be an amount equal to $500,000 plus the amount necessary to satisfy all Convenience Class Claims, being all accepted and identified claims equal to or less than $2,000 and the claims of all General Creditors who make a Distribution Election to receive $2,000 in full and final satisfaction of their claim, subject to any rights held by the Second Lien Trustee under the Second Lien Indenture to deduct costs and expenses from any such distributions. Please note that, as provided above in *Beneficial Noteholders*, Beneficial Noteholders with Accepted Claims not exceeding an aggregate of $2,000 must complete their Voting Information and Election Form in order to be treated as Convenience Class Creditors and vote on the 2019 CCAA Plan.

The General Creditor Pool will be distributed by the Monitor to (i) the First Lien Agent in respect of the First Lien Deficiency Claims, (ii) the Second Lien Trustee in respect of the Second Lien Deficiency Claims, and (iii) the remaining General Creditors in respect of their General Creditor Claims.

Under the Second Lien Indenture, the Second Lien Trustee may have rights to deduct costs and expenses of the Second Lien Trustee from any distributions, including any distributions on account of Convenience Class Claims.

The amount and distribution terms of the General Creditor Pool are the same that existed in the 2018 CCAA Plan with the intention that the General Creditors will receive the same treatment and recovery under the 2019 CCAA Plan that they would have received under the 2018 CCAA Plan which was approved by all the creditors who voted on the 2018 CCAA Plan and sanctioned by the Court.

Municipal Tax Fund

The Municipality submitted a proof of claim pursuant to the Supplemental Claims Procedure Order asserting a Priority Secured Claim in respect of municipal property taxes in the amount of $13,957,811.63. Under the East River Plan Sponsorship Agreement, the parties agreed that the Company's existing cash would be calculated as at September 1, 2018 and that one-third (1/3) of the amount of the Municipal Tax Claims of the Municipality for the calendar year 2018 (being the portion of the Municipal Tax Claims for the 2018 calendar year attributable to the period from and after 12:01 a.m. on September 1, 2018) (the "**Remaining Municipal Tax Claims**") would be unaffected under the 2018 CCAA Plan.

On September 24, 2018, the Company and the Municipality entered into the Wood Buffalo Settlement Agreement, settling the Municipality's claim other than the amounts that constitute Remaining Municipal Tax Claims. The Wood Buffalo Settlement Agreement was approved by the Court on October 4, 2018.

Pursuant to the 2019 CCAA Plan, the Monitor shall hold an amount from the Plan Implementation Fund (the "**Municipal Tax Fund**") equal to (i) the Remaining Municipal Tax Claims, and (ii) the Municipal Tax Claims owing or to be owing for the calendar year 2019, and representing the amounts claimed by the Municipality as an Alleged Priority Secured Claim, in a separate trust account, which amount shall not be commingled with the Plan Implementation Fund. The Monitor shall be responsible for assessing the quantum, validity and enforceability of the Municipality's Alleged Priority Secured Claim. Upon the Effective Date, the Alleged Priority Secured Claim, and any security underlying such claim, shall be discharged as against the Company, and the Municipal Tax Fund shall stand in the place and stead of the Municipality's security. No distributions shall be made from the Municipal Tax Fund absent (i) an agreement in writing as between the Municipality, the Company, the Monitor and the Majority Consenting First Lien Lenders, or (ii) an order of the Court.

Treatment of First Lien Claims

(a) On the Effective Date, in accordance with the 2019 CCAA Plan and in accordance with the steps and in the sequence set forth in the Restructuring Transactions, each Beneficial First Lien Lender shall be entitled to the following:

(i) each Tranche A Lender shall receive in respect of the principal amount (but not accrued interest) of its Tranche A Loans its *pro rata* share of the obligations under the New Senior Secured Term Facility based on the outstanding principal amount of Tranche A Loans owing to such Tranche A Lender in relation to the outstanding aggregate principal amount of the Tranche A Loans owing to all Tranche A Lenders as of the Effective Date and to be recorded with the same registration details as its Tranche A Loans; and

(ii) each Tranche A Lender and Tranche B Lender, or their designates, shall be issued and, subject to Section 7.1 of the 2019 CCAA Plan, entitled to receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and, in the case of a Tranche B Lender, the principal and accrued interest of its Tranche B Loans, its *pro rata* share of the New Shares issued pursuant to the 2019 CCAA Plan, based on the outstanding accrued interest of Tranche A Loans and the outstanding principal and interest of Tranche B Loans owing to a First Lien Lender in relation to the outstanding aggregate amount of interest of Tranche A Loans and principal and interest of Tranche B Loans owing to all First Lien Lenders as of the Effective Date.

(b) Following the implementation of the 2019 CCAA Plan, the Beneficial First Lien Lenders will own 100% of the outstanding equity of the Company.

(c) On the Effective Date, each Beneficial First Lien Lender shall be deemed to become a party to and thereafter bound by the Shareholders Agreement, each in its capacity as a holder of the New Shares. The Shareholders Agreement will be deemed to be a "unanimous shareholder agreement" for purposes of the CBCA, and each Beneficial First Lien Lender is deemed to have been given notice thereof.

(d) The entire amount of the First Lien Deficiency Claim shall be deemed to be an unsecured deficiency claim and shall constitute a General Creditor Claim for the purposes of the 2019 CCAA Plan.

(e) The New Shares to be issued under the 2019 CCAA Plan will be distributed either (i) by delivering share certificates representing the New Shares in the name of the applicable recipient.

Treatment of Second Lien Claims

The entire amount of the Second Lien Claim shall be deemed to be an unsecured deficiency claim (being the Second Lien Deficiency Claim) and shall constitute a General Creditor Claim for the purposes of the 2019 CCAA Plan.

Treatment of General Creditor Claims

(a) General Creditors with Accepted Claims (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) on the Initial Distribution Record Date equal to or less than $2,000 shall be deemed to have made a Distribution Election and to have elected to and shall receive the Distribution Election Amount in respect of their Accepted Claim in accordance with the 2019 CCAA Plan, subject to any rights held by the Second Lien Trustee under the Second Lien Indenture to deduct costs and expenses from any such distributions;

(b) General Creditors with Accepted Claims greater than $2,000 (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) shall receive:

(i) the Distribution Election Amount in respect of their Accepted Claim in accordance with the 2019 CCAA Plan if a Distribution Election is made prior to the Distribution Election Deadline, subject to any rights held by the Second Lien Trustee under the Second Lien Indenture to deduct costs and expenses from any such distributions; or

(ii) their Pro Rata Share of $500,000 (after deducting all Distribution Election Amounts payable under the 2019 CCAA Plan) if a Distribution Election is not made prior to the Distribution Election Deadline;

(c) Notwithstanding the foregoing, a Beneficial Noteholder in respect of a Second Lien Deficiency Claim shall only be deemed to have made a Distribution Election or shall only be entitled to make a Distribution Election if such Beneficial Noteholder delivers a Voting Information and Election Form in accordance with the 2019 Creditors' Meetings Order.

Extinguishment of Claims

At the Effective Time, all Affected Claims and all Released Claims will be fully discharged and the Company will have no further obligation in respect of the Affected Claims and the Released Claims; provided that nothing in the 2019 CCAA Plan shall release or discharge (a) the Company from any Unaffected Claim that has not been paid in full under the 2019 CCAA Plan to the extent of such non-payment; (b) a Released Party from its obligations under the 2019 CCAA Plan; (c) a Released Party found by a court of competent jurisdiction by final determination on the merits to have committed fraud in relation to a Released Claim for which it is responsible at law; or (d) the Directors from any Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA.

Provisions Regarding Distributions, Payments and Currency

Distribution Mechanics

The Monitor, will distribute to each General Creditor with an Accepted Claim (other than the First Lien Deficiency Claim or the Second Lien Deficiency Claim) its share of the General Creditor Pool by cheque, which will be sent, via regular mail, to such Creditor to the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in writing in accordance with the 2019 CCAA Plan.

Distributions to be made under the 2019 CCAA Plan on account of the First Lien Deficiency Claim or Second Lien Deficiency Claim shall be made by the Monitor to the First Lien Agent and the Second Lien Trustee, respectively. Under their respective governing documents, the First Lien Agent and the Second Lien Trustee may have rights to deduct costs and expenses of the First Lien Agent and the Second Lien Trustee from any such distributions.

Distributions in Respect of Disputed Claims

An Affected Creditor holding a Disputed Claim shall not be entitled to receive a distribution under the 2019 CCAA Plan in respect of any portion thereof unless and until such Disputed Claim becomes an Accepted Claim.

Allocation of Distributions

All distributions to a Creditor or Person on behalf of a Creditor shall be made first with respect to the principal amount of the Claim owing to such Creditor and only after all such principal has been paid shall the distribution be made with respect to the interest owing on such Claim.

Treatment of Unclaimed Distributions

If any Creditor entitled to a distribution pursuant to the 2019 CCAA Plan cannot be located by the Monitor on the applicable Distribution Date, or if any delivery or distribution to be made pursuant to the 2019 CCAA Plan is returned as undeliverable, such cash shall be set aside by the Monitor and deposited in a segregated, interest-bearing account to be maintained by the Monitor.

If such Creditor is located by the Monitor within six months after the applicable Distribution Date, such cash shall be distributed to such Creditor.

If such Creditor cannot be located by the Monitor or if any delivery or distribution to be made pursuant to the 2019 CCAA Plan is returned as undeliverable, or in the case of any distribution made by cheque, the cheque remains uncashed, for a period of more than six months after the applicable Distribution Date or the date of delivery or mailing of the cheque, whichever is later, the Claim of any Creditor with respect to such undelivered or unclaimed distribution shall be discharged and forever barred, notwithstanding any Applicable Law to the contrary, and any such cash allocable to the undeliverable or unclaimed distribution shall be released and returned by the Monitor to the Company, free and clear of any claims of such Creditor or any other Creditors and their respective successors and assigns. Nothing contained in the 2019 CCAA Plan requires the Company or the Monitor to attempt to locate any holder of any undeliverable or unclaimed distributions.

Withholding Rights

All distributions under the 2019 CCAA Plan are subject to any withholding and reporting requirements imposed by any Applicable Law or any Taxing Authority and the Company will direct the Monitor, on behalf of the Company, to deduct, withhold and remit from any distributions payable to a Creditor or to any Person on behalf of any Creditor, such amounts, if any, as the Company determines that it or the Monitor, on behalf of the Company, is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or under Applicable Law. To the extent that amounts are so deducted and withheld, such withheld amounts shall be treated for all purposes as having been paid to the Creditor in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority.

Currency Matters

Unless otherwise stated herein, all references to currency in the 2019 CCAA Plan are to lawful money of Canada. For the purposes of voting or distribution, a Claim shall be denominated in Canadian Dollars and all cash distributions under the 2019 CCAA Plan shall be paid in Canadian Dollars. Any Claim in a currency other than Canadian Dollars will be deemed to have been converted to Canadian Dollars at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date, which rate for greater certainty for the conversion of United States Dollars to Canadian Dollars was US$1 = CDN $1.2885.

Preferential Transactions

The 2019 CCAA Plan provides that Sections 95 to 101 of the BIA and any Applicable Law relating to preferences, settlements, fraudulent conveyances or transfers at undervalue shall not apply in any respect, including, without limitation, to any dealings prior to the Filing Date, to the 2019 CCAA Plan, to any payments or distributions made in connection with the restructuring and recapitalization of the

Company, whether made before or after the Filing Date, or to any and all transactions contemplated by and to be implemented pursuant to the 2019 CCAA Plan.

Releases

2019 CCAA Plan Releases

The 2019 CCAA Plan provides that at the Effective Time, for good and valuable consideration, including the distributions to be made pursuant to the 2019 CCAA Plan, every Creditor, Affected Creditor or other Person, on the Creditor's, Affected Creditor's or other Person's own behalf and on behalf of the Creditor's, Affected Creditor's or other Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, hereby is deemed to and does fully, finally, irrevocably and unconditionally release and forever discharge each of the Company, the Directors, the Officers and any alleged fiduciary (whether acting as a director, officer, or other responsible party), Cassels, Akin Gump, Ernst & Young Inc., the Monitor, the Financial Advisor, the First Lien Agent, the Collateral Trustee, the Second Lien Trustee, the Consenting First Lien Lenders, and the Consenting First Lien Advisors, together with each of their respective current and former legal counsel, financial advisors, representatives, directors, officers, predecessors, affiliates, member companies, related companies, shareholders, heirs, spouses, dependants, administrators, executors, employees, professional advisors including solicitors, auditors, contractors, consultants, servants, agents and assigns (collectively, the "**Released Parties**" and individually, a "**Released Party**"), of and from any and all Claims, and, without limitation, any and all past, present and future claims, causes of action, debts, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, accounts, covenants, damages, expenses, fees (including solicitors' fees or liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, matured or unmatured, direct, indirect or derivative, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time relating to or otherwise in connection with the Company, including, (a) the business and operations of the Company, (b) the property and assets of the Company, (c) the Affected Claims, the 2019 CCAA Plan or the CCAA Proceeding, (d) the Amended and Restated Support Agreement, (e) the Equity Claims and the Existing Shares; (f) a contract that has been restructured, terminated, repudiated, disclaimed or resiliated prior to the Disclaimer Deadline in accordance with the CCAA, (g) the Recapitalization and any Restructuring Transaction in respect of which the Released Parties had any role, whether in their capacity as Officers, Directors or in any other capacity, (h) liabilities of the Directors and Officers and any alleged fiduciary or other duty, including any and all Claims that may be made against the Directors or Officers where by law such Directors or Officers may be liable in their capacity as Directors or Officers, or (i) any Claim that has been barred or extinguished by the Claims Procedure Order or the Supplemental Claims Procedure Order (all collectively, the "**Released Claims**"); and at the Effective Time the Company is deemed to and does fully, finally, irrevocably and unconditionally release and forever discharge every other Released Party of and from any and all Released Claims.

Notwithstanding the foregoing, nothing in Section 10.4 of the 2019 CCAA Plan shall release or discharge:

(a) the Company from any Unaffected Claim that has not been paid in full under the 2019 CCAA Plan to the extent of such non-payment;

(b) a Released Party from its obligations under the 2019 CCAA Plan;

(c) a Released Party found by a court of competent jurisdiction by final determination on the merits to have committed fraud in relation to a Released Claim for which it is responsible at law; or

(d) the Directors from any Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA.

The releases apply to all claims, whether known or unknown and regardless of whether a party discovers facts in addition to, or different from, those which it now knows or believes to be true at the Effective Time.

Injunctions

Subject to the exceptions stated the 2019 CCAA Plan, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to the Affected Claims, the Equity Claims and the Released Claims, from:

(a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suit, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any of the Released Parties or their property;

(b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property;

(c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suit or demand (including by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation) or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;

(d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Lien or encumbrance of any kind; or

(e) taking any action to interfere with the implementation or consummation of the 2019 CCAA Plan (including the Recapitalization and the Restructuring Transactions);

and any such proceedings will be deemed to have no further effect against the Company or any of its assets and will be released, discharged or vacated without cost to the Company. All Persons shall cooperate with the Company and the Monitor in lifting any Lien or discontinuing any proceeding filed or commenced prior to the Effective Time, as the Company or the Monitor may reasonably request. The Company may apply to the Court to obtain a discharge or dismissal of any such proceedings if necessary without notice to any Person.

To the extent not barred, released or otherwise affected by the 2019 Plan Sanction Order, any Person having, or claiming any entitlement or compensation relating to, a D&O Claim, a D&O Restructuring Period Claim, and a Post-Filing D&O Claim (collectively referred to as the "**Director/Officer Claims**") (with the exception of any Director/Officer Claims judged by the express terms of a judgment rendered on a final determination on the merits to have resulted from criminal, fraudulent or other wilful misconduct on the part of the Director or Officer (an "**Excluded Director/Officer Claim**")) will be irrevocably limited to recovery in respect of such Director/Officer Claim solely from the proceeds of the applicable insurance policies held by the Company (the "**Insurance Policies**"), and Persons with any

Director/Officer Claims will have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from the Company or any Released Party, other than enforcing such Person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable Insurance Policies. Nothing in the 2019 Plan Sanction Order prejudices, compromises, releases or otherwise affects any right or defence of any insurer in respect of an Insurance Policy or any insured in respect of a Director/Officer Claim. Notwithstanding anything to the contrary in the 2019 Plan Sanction Order, from and after the Effective Time, a Person may only commence or continue an action for an Excluded Director/Officer Claim against a Director or Officer if such Person has first obtained leave of the Court on notice to the applicable Directors and Officers, the Monitor and the Company.

Court Sanction

The 2019 CCAA Plan has been filed with the Court pursuant to the CCAA. The CCAA requires that the 2019 CCAA Plan be sanctioned by the Court following approval by the Affected Creditors. The hearing in respect of the 2019 Plan Sanction Order, at which Court sanction of the 2019 CCAA Plan under the CCAA will be sought, is scheduled to take place on June 20, 2019 at 10:00 a.m. (Calgary time), at the Court located at Calgary Courts Centre, 601 5 Street SW, Calgary, Alberta, subject to the approval of each class of Affected Creditors being obtained. Any Person who wishes to oppose the 2019 Sanction Hearing shall serve on the Company, the Monitor and the Service List a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the 2019 Sanction Hearing by no later than seven (7) Business Days prior to the 2019 Sanction Hearing Date.

The authority and discretion of the Court is very broad under the CCAA. Counsel for the Company has advised that the Court will consider, among other things, the fairness of the terms and conditions of the 2019 CCAA Plan. The Court may approve the 2019 CCAA Plan as proposed or as amended and subject to such terms and conditions, if any, as the Court thinks fit.

If the 2019 Plan Sanction Order is granted, any interested person may appeal the provisions of the 2019 Plan Sanction Order, with leave of the Court or the Court of Appeal of Alberta, within 21 days of the date on which the 2019 Plan Sanction Order is granted.

Other Conditions

At the Effective Time, subject to the satisfaction or waiver of the conditions contained in Section 8.2 of the 2019 CCAA Plan, the 2019 CCAA Plan shall be implemented by the Company and shall be binding upon all Persons in accordance with the terms of the 2019 CCAA Plan and the 2019 Plan Sanction Order.

Timing for 2019 CCAA Plan to be Effective

The Company's proposed timeline to emergence from the CCAA Proceeding is set out below, provided that such timeline may be extended pursuant to the Amended and Restated Support Agreement:

May 16, 2019	2019 Creditors' Meetings Order
As soon as practicable after May 16, 2019	Mailing of the Circular and related materials as required by the 2019 Creditors' Meetings Order
June 19, 2019	2019 Creditors' Meetings
June 20, 2019	Court hearing in respect of the 2019 Plan Sanction Order

July 31, 2019	Effective Date

Any number of circumstances, including a failure to satisfy a condition to implementation of the 2019 CCAA Plan and an appeal of the 2019 Plan Sanction Order, may cause the Effective Date to be delayed. In such circumstances, the Company will apply to the Court for extension of the stay of proceedings under the Initial Order.

Modification of the 2019 CCAA Plan Prior to Approval

The Company reserves the right to vary, modify, amend or supplement the 2019 CCAA Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement or both filed with the Court at any time or from time to time prior to the commencement of the 2019 Creditors' Meetings, provided that the Company obtains the prior consent of the Consenting First Lien Lenders and the Monitor to any such variation, modification, amendment or supplement, which consent shall not be unreasonably withheld. Any such supplementary or amended and restated plan or plans of compromise or arrangement or both shall, for all purposes, be deemed to be a part of and incorporated into the 2019 CCAA Plan. Any such variation, modification, amendment or supplement shall be posted on the Website and e-mail notice will be provided to the Service List. Creditors are advised to check the Website regularly. Creditors who wish to receive written notice of any variation, modification, amendment or supplement to the 2019 CCAA Plan should contact the Monitor in the manner set out in Section 11.12 of the 2019 CCAA Plan. Creditors in attendance at the 2019 Creditors' Meetings will also be advised of any such variation, modification, amendment or supplement to the 2019 CCAA Plan.

In addition, the Company may propose a variation or modification of, or amendment or supplement to, the 2019 CCAA Plan during the 2019 Creditors' Meetings, provided that the Company obtains the prior consent of the Consenting First Lien Lenders and the Monitor to any such variation, modification, amendment or supplement, which consent shall not be unreasonably withheld, and that notice of such variation, modification, amendment or supplement is given to all Creditors entitled to vote present in person or by proxy at the applicable 2019 Creditors' Meeting prior to the vote being taken at such 2019 Creditors' Meeting, in which case any such variation, modification, amendment or supplement shall, for all purposes, be deemed to be part of and incorporated into the 2019 CCAA Plan. Any variation, amendment, modification or supplement at a 2019 Creditors' Meeting will be promptly posted on the Website, served by e-mail to the Service List in the CCAA Proceeding and filed with the Court as soon as practicable following the applicable 2019 Creditors' Meeting.

Modification of the 2019 CCAA Plan Following Approval

After one or more of the 2019 Creditors' Meetings (and both prior to and subsequent to obtaining the 2019 Plan Sanction Order), the Company may at any time and from time to time vary, amend, modify or supplement the 2019 CCAA Plan without the need for obtaining an Order or providing notice to the Creditors, if the Company and the Monitor, acting reasonably and in good faith, determine that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of any of the Creditors under the 2019 CCAA Plan or is necessary in order to give effect to the substance of the 2019 CCAA Plan or the 2019 Plan Sanction Order.

RISK FACTORS

In evaluating the 2019 CCAA Plan, Affected Creditors should carefully consider the following risk factors relating to the 2019 CCAA Plan. The following risk factors are not a definitive list of all risk factors associated with the 2019 CCAA Plan. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the business of the Company following completion of the 2019 CCAA Plan In addition to the risk factors associated with the businesses of the Company described elsewhere in this Circular, including the documents incorporated by reference into this Circular, the following are additional and supplemental risk factors which Affected

Creditors should carefully consider. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

Risk Factors Relating to the Company

Certain risk factors relating to the business and securities of the Company are contained in the AIF, which has been publicly filed on SEDAR at www.sedar.com. Affected Creditors should review and carefully consider the risk factors set forth in the AIF, that are incorporated herein by reference, and consider all other information contained therein and herein and in Connacher's other public filings before determining how to vote on the 2019 CCAA Plan.

Risk Factors Relating to the 2019 CCAA Plan

The Effective Date of the 2019 CCAA Plan may not occur in the time or manner expected, if at all.

The 2019 CCAA Plan will not become effective unless and until all conditions precedent to the 2019 CCAA Plan are satisfied or waived. In particular, the Plan Transaction is subject to regulatory, court and creditor approval. There can be no certainty, nor can the Company provide any assurance, that all conditions precedent to the 2019 CCAA Plan will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Even if the 2019 CCAA Plan is completed, it may not be completed on the terms or schedule described in this Circular.

Potential Effect of the 2019 CCAA Plan on the Company's Relationships

There can be no assurance as to the effect of the announcement of the 2019 CCAA Plan on the Company's suppliers, customers, purchasers, or contractors, nor can there be any assurance as to the effect on such relationships of any delay in the completion of the 2019 CCAA Plan, or the effect if the Plan Transaction is completed. To the extent that any of these events result in the tightening of payment or loan terms, increases in the price of supplied goods, or the loss of a major supplier or contractor, or of multiple other suppliers or contractors, this could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. The Company may also be unable to retain and motivate key executives and employees following the Effective Date and the Company may have difficulty attracting new employees.

Risk Factors Relating to Non-Implementation of the Plan Transaction

The Company may be unable to continue as a going concern.

If the 2019 CCAA Plan is not implemented, the Company will pursue the Credit Bid Transaction with the Consenting First Lien Lenders and the First Lien Agent in accordance with and subject to the terms of the Amended and Restated Support Agreement. The Credit Bid Transaction has been negotiated, but remains subject to satisfaction of additional conditions and approvals, including Court and regulatory approvals. If any of the required approvals are not obtained or the parties cannot agree on the final terms of the documents, the Company may be unable to continue as going concern and may be required to liquidate in the near or medium term. The Company has constrained ability to generate cash flow and a significant debt burden which severely limit the alternatives available to the Company to raise additional capital. There can be no assurance that the Company will be able to obtain additional capital on terms acceptable to the Company or at all.

The Company is in default on certain of their obligations under the First Lien Credit Agreement and the Second Lien Indenture.

The Company is in default under both the First Lien Credit Agreement and the Second Lien Indenture. The stay granted by the Court in the CCAA Proceeding currently prevents any action being taken by holders of the First Lien Claim and Second Lien Claim. If the 2019 CCAA Plan, a Superior

Transaction, or the Credit Bid Transaction is not completed, the CCAA stay of proceedings may not be continued and the holders of the First Lien Claim and Second Lien Claim could pursue the remedies provided in the applicable credit documents.

The Company will be a private company following implementation of the 2019 CCAA Plan

The Company will be a “private company” following completion of the transactions contemplated by the 2019 CCAA Plan and will not be a “reporting issuer” under the securities laws of any of the Provinces of Canada. In addition, the transferability of the New Shares will be restricted by the terms of the Company’s Articles and by the terms of the Shareholder’s Agreement. Consequently, there will be no market for the New Shares and it may be difficult or impossible for shareholders to sell or value their New Shares.

CERTAIN LEGAL MATTERS

Canadian Securities Laws

Resale of Securities

The New Shares to be issued pursuant to the 2019 CCAA Plan will be issued in reliance on exemptions from the prospectus requirements of applicable Canadian securities laws. Consequently, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available in respect of the New Shares issued pursuant to the 2019 CCAA Plan.

The Company is currently a reporting issuer under the securities legislation of each province of Canada and subject to timely and periodic disclosure obligations thereunder. It is a condition precedent to the completion of the 2019 CCAA Plan that the Company shall not be a reporting issuer (or equivalent) in any province or territory of Canada or any other jurisdiction upon implementation of the 2019 CCAA Plan. The Company therefore intends to apply to the applicable Canadian securities regulatory authorities for an order that it be deemed to no longer be a reporting issuer under the securities legislation of any Canadian jurisdiction, such that its reporting obligations thereunder shall terminate in connection with implementation of the 2019 CCAA Plan. As a consequence of the Company not being a “reporting issuer”, the New Shares will not be “freely tradable” under applicable Canadian securities laws. The New Shares will only be transferable in Canada pursuant to a further exemption from the prospectus requirements of Canadian securities laws.

In addition, the amended Articles of the Company will provide that transfers of the New Shares must be approved by the Board, and may be subject to further limitations on transfer and other provisions set out in the Shareholders Agreement. Certificates representing New Shares will bear a legend referring to the Shareholders Agreement and the requirements and restrictions on transfer set out therein. All prospective holders of New Shares are urged to consult their legal advisors to ensure that the resale of their New Shares complies with applicable securities legislation and other applicable restrictions. Holders of New Shares residing elsewhere than in Canada are urged to consult their legal advisors to determine the extent of all applicable resale provisions in their jurisdiction of residency.

Multilateral Instrument 61-101

As a reporting issuer in each of the provinces of Canada, the Company is subject to applicable securities laws of such provinces. The securities regulatory authorities in certain provinces have adopted Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions”* (“**MI 61-101**”), which applies to certain transaction types that are considered to have heightened potential for conflicts of interest and, in connection therewith, imposes additional requirements aimed at fair treatment of security holders. Such additional requirements can include one or more of enhanced disclosure, minority security holder approval, formal valuations, and independent director oversight.

The protections afforded by MI 61-101 apply to, among other transactions, "related party transactions" (as defined in MI 61-101) which include issuances of securities to, and the issuance of, or material amendments to, debts or liabilities owed by or to, a "related party". Certain of the First Lien Lenders are "related parties" of the Company within the meaning of MI 61-101 on the basis of holding more than 10% of the outstanding common shares.

The issuance of the New Shares to, and the entry into of the New Senior Secured Term Facility with one or more "related parties" pursuant to the 2019 CCAA Plan may be considered to be "related party transactions" within the meaning of MI 61-101 to which minority shareholder approval and formal valuation requirements would, absent available exemptions, be applicable. The minority shareholder approval requirements of MI 61-101 do not apply where the transaction is subject to Court approval under bankruptcy or insolvency law, the Court is advised of the minority approval requirements of MI 61-101, and the Court does not require such approval. Pursuant to the 2019 Creditors' Meetings Order, and in accordance with CCAA requirements, the Court was advised of the minority shareholder approval requirements of MI 61-101 and the Court determined that a meeting of the Company's shareholders is not required to be held in order to approve the 2019 CCAA Plan. In addition, the formal valuation requirements of MI 61-101 are not applicable in respect of the 2019 CCAA Plan transactions as the Company's shares are not listed for trading on certain specified markets.

United States Securities Laws

Status Under U.S. Securities Laws

At the time of the implementation of the 2019 CCAA Plan, the Company will be a "foreign private issuer" as defined in Rule 3b-4 under the United States Securities Exchange Act of 1934 (the "**1934 Act**").

Issuance and Resale of Securities Under U.S. Securities Laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to securityholders. All securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued to them under the 2019 CCAA Plan complies with applicable securities legislation.

The following discussion does not address the Canadian securities laws that will apply to the issuance to or the resale by securityholders within Canada of the New Shares. In addition, all New Shares to be issued under the 2019 CCAA Plan will be subject to restrictions on transfer pursuant to the articles of the Company and the Shareholders Agreement. See the above discussion under "*Resale of Securities*", and the Articles of Reorganization of the Company attached as Exhibit "C" to this Circular.

Exemption from the registration requirements of the 1933 Act

The issuance of the New Shares under the 2019 CCAA Plan will not be registered under the 1933 Act or the securities laws of any state of the United States.

The New Shares to be issued to First Lien Lenders pursuant to the 2019 CCAA Plan will be issued in reliance on the exemption from registration set forth in Section 3(a)(10) of the 1933 Act on the basis of the approval of the Court, which will consider, among other things, the fairness of the 2019 CCAA Plan to the persons affected. Section 3(a)(10) of the 1933 Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities and/or claims where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the 2019 Plan Sanction Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the New Shares issued under the 2019 CCAA Plan.

Persons who are not affiliates of the Company after the 2019 CCAA Plan may resell the New Shares that they receive in the United States without restriction under the 1933 Act. A Person who will be an "affiliate" of the Company after the 2019 CCAA Plan will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of the Company after the implementation of the 2019 CCAA Plan may not resell the New Shares that they receive pursuant to the 2019 CCAA Plan in the absence of registration under the 1933 Act, unless an exemption from registration is available, such as the exemptions provided by Rule 144 or Regulation S under the 1933 Act.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the New Shares received upon completion of the 2019 CCAA Plan. Holders of New Shares will also be subject to the restrictions on transfer of such shares set forth in the terms of the New Shares, the Articles of the Company and the Shareholders Agreement. All holders of New Shares are urged to consult with their counsel to ensure that the resale of New Shares complies with applicable securities legislation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") of the 2019 CCAA Plan applicable to an Affected Creditor who, at all relevant times for purposes of the Tax Act, deals at arm's length with, and is not affiliated with, the Company, and holds their Affected Claims as capital property. An Affected Claim will generally be considered to be capital property for this purpose to an Affected Creditor, unless either the Affected Creditor acquires or holds an Affected Claim in the course of carrying on a business or the Affected Creditor has held or acquired the Affected Claim in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by way of legislative, judicial, regulatory or administrative decision or action, nor does it address any other federal or any foreign, provincial or territorial tax considerations.

THE FOLLOWING SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO AFFECTED CREDITORS, AND NO REPRESENTATION WITH RESPECT TO THE TAX CONSEQUENCES TO ANY PARTICULAR AFFECTED CREDITOR IS MADE. ACCORDINGLY, ALL AFFECTED CREDITORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS FOR ADVICE WITH RESPECT TO THE INCOME TAX CONSEQUENCES TO THEM OF THE 2019 CCAA PLAN. THE DISCUSSION BELOW IS QUALIFIED ACCORDINGLY.

This summary does not describe the income tax consequences under the 2019 CCAA Plan to holders of Equity Claims. Such persons should consult their own tax advisors in this regard.

For purposes of the Tax Act, all amounts relevant in computing the income, taxable income and taxes payable by an Affected Creditor must be determined in Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amount first arose or such other exchange rate that is acceptable to the Minister of National Revenue.

Residents of Canada

This portion of the summary is generally applicable to an Affected Creditor that, at all relevant times for purposes of the Tax Act, is (or is deemed to be) resident in Canada and meets the other relevant requirements described above (referred to in this portion of the summary as a "**Resident Holder**").

This portion of the summary is not applicable to a Resident Holder (i) that is a "financial institution" for purposes of the "mark-to-market" rules, (ii) that is a "specified financial institution", (iii) an interest in which is a "tax shelter investment", (iv) that has elected to report its "Canadian tax results" in a currency other than the Canadian currency, or (v) that has entered or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement" with respect to its Affected Claim, all within the meaning of the Tax Act. All such Resident Holders should consult with their own tax advisors.

Settlement of Affected Claims

A Resident Holder of an Affected Claim will be considered to have disposed of its Affected Claim for proceeds of disposition equal to the amount received on settlement of the Affected Claim under the 2019 CCAA Plan. The fair market value of the New Senior Secured Term Facility and the New Shares received by the Affected Creditors will be considered to be the proceeds of disposition of their Affected Claims (less the amount thereof received as the interest portion of such Affected Claims). A Resident Holder of an Affected Claim will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any portion of the amount received by the Affected Creditor which is included in the Resident Holder's income as interest, exceeds (or is less than) the Resident Holder's adjusted cost base of such Affected Claim and any reasonable costs of disposition. Any such capital gain (or capital loss) will be subject to the tax treatment described below under "*Certain Canadian Federal Income Tax Considerations — Residents of Canada — Taxation of Capital Gains and Capital Losses*".

Allocation of 2019 CCAA Plan Consideration

Under the 2019 CCAA Plan, the amount received by an Affected Creditor on settlement of its Affected Claim will be allocated first to the principal amount of its Affected Claim and the balance, if any, to the accrued and unpaid interest on its Affected Claim. Tranche A Lenders and Tranche B Lenders shall receive New Shares, in part, as payment of accrued interest on their Affected Claims.

Interest on Affected Claims

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in income for a taxation year any interest on the Affected Claims that accrues (or is deemed to accrue) to it in that taxation year or that is received or becomes receivable by it in that year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Any other Resident Holder, including an individual, will be required to include in computing its income for a taxation year any interest on the Affected Claims that is received or receivable by such Resident Holder in that taxation year, except to the extent that such amount was otherwise included in its income for the year or a preceding taxation year.

The fair market value of the New Shares received by a Resident Holder as payment of interest on its Affected Claims will be considered the amount of interest received by such Resident Holder for these purposes.

Where a Resident Holder included an amount in income on account of accrued and unpaid interest on the Affected Claims, the Resident Holder should be entitled to a deduction of an equivalent amount in computing income to the extent that such amount was not received by it on or before the settlement of Affected Claims pursuant to the 2019 CCAA Plan.

Dividends on New Shares

A Resident Holder who is an individual will be required to include in income the amount of any dividend receiver or deemed to be received on its New Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Company as "eligible dividends", as defined in the Tax Act.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on its New Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. A "private corporation" as defined in the Tax Act or a "subject corporation" as defined in the Tax Act may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on its New Shares to the extent that the dividend is deductible in computing the corporation's taxable income.

Disposition of New Shares

A Resident Holder that disposes or is deemed to dispose of a New Share in a taxation year will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of such share, determined immediately before the disposition, and any reasonable costs of disposition. A Resident Holder will be required to include any resulting taxable capital gain in income, or be entitled to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and capital losses. See "*Taxation of Capital Gains and Capital Losses*".

The adjusted cost base to a Resident Holder of New Shares received under the 2019 CCAA Plan will be the fair market value of such shares on the date received by the Resident Holder.

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year will be included in the Resident Holder's income in the year and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year is required to be deducted from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back three years or forward indefinitely, subject to the rules in the Tax Act. The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a share may be reduced by the amount of dividends previously received (or deemed to have been received) by it on such share (or on a share for which the share has been substituted) subject to the rules in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust.

Additional Refundable Tax

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

Alternative Minimum Tax

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax under the detailed rules set out in the Tax Act.

Non-Residents of Canada

This portion of the summary applies to an Affected Creditor who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, (i) is a non-resident of Canada, (ii) does not use or hold any Affected Claim in carrying on a business in Canada, (iii) is not a foreign affiliate of a taxpayer resident in Canada, (iv) is not an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business, and (v) is not a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of the Company or does not deal at arm's length with such a specified shareholder for purposes of the Tax Act (a "**Non-Resident Holder**").

Dividends on New Shares

Dividends paid or credited, or deemed to be paid or credited, on New Shares to a Non-Resident Holder generally will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax convention. The rate of withholding tax under the U.S. Treaty applicable to a Non-Resident Holder, who is a resident of the United States for the purposes of the U.S. Treaty, is the beneficial owner of the dividend, and is entitled to all of the benefits under the U.S. Treaty generally will be 15% (5% for a company that holds at least 10% of the voting stock of the Company).

Disposition of New Shares

A Non-Resident Holder that disposes or is deemed to dispose of a New Share in a taxation year will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base to the Non-Resident Holder of such share, determined immediately before the disposition, and any reasonable costs of disposition.

Such gain will be subject to tax in Canada, and there will be withholding tax and reporting requirements to comply with on a disposition of the New Shares, unless the New Shares do not constitute "taxable Canadian property" to the Non-Resident Holder at the time of the disposition or deemed disposition, subject to the terms of a tax treaty between Canada and the country of residence of the Non-Resident Holder.

Subject to certain scenarios where the New Shares are listed on a prescribed stock exchange at the time of the disposition or deemed disposition, the New Shares will be taxable Canadian property to a Non-Resident Holder to the extent that, at any time during the 60-month period preceding the disposition, more than 50% of the fair market value of the New Shares was derived from, directly or indirectly, any combination of (i) real or immovable property situated in Canada, (ii) Canadian resource property, (iii) timber resource property), and (iv) options in respect of, or interest in, the property described in (i) to (iii). **Such holders should consult their tax advisors about their particular circumstances**.

Settlement of Affected Claims

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of any amount received on settlement of Affected Claims under the 2019 CCAA Plan.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE 2019 CCAA PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the 2019 CCAA Plan applicable to an Affected Creditor. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), the Treasury Regulations, judicial authorities, published administrative positions of the Internal Revenue Service ("**IRS**") and other applicable authorities, all as in effect on the date of this Circular and all of which are subject to change or differing interpretations, possibly with retroactive effect. The Company has not requested, nor does it intend to request, a private letter ruling from the IRS or an opinion of counsel with respect to any of the aspects of the 2019 CCAA Plan. The discussion below is not binding upon the IRS or any court and does not reflect any independent analysis by the Company. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not apply to holders of Claims that are not "U.S. persons" (as such phrase is defined in the Tax Code) and does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Company or to holders in light of their individual circumstances. This discussion does not address tax issues with respect to holders subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, passthrough entities, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, small business investment companies, real estate investment trusts and regulated investment companies). No aspect of state, local, estate, gift or non-U.S. taxation is addressed. The following discussion assumes that each holder of a Claim holds its Claim as a "capital asset" within the meaning of section 1221 of the Tax Code.

For purposes of this summary, a "U.S. Holder" means a holder of a Claim that, in any case, is, for U.S. federal income tax purposes: (i) an individual that is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (b) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE 2019 CCAA PLAN ARE COMPLEX. THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE 2019 CCAA PLAN.

Federal Income Tax Consequences to U.S. Holders of Claims

The U.S. federal income tax consequences to U.S. Holders of Affected Claim arising from the 2019 CCAA Plan may vary, depending upon, among other things: (a) the manner in which a U.S. Holder acquired an Affected Claim; (b) the type of consideration received by the U.S. Holder of an Affected Claim in exchange for the interest it holds; (c) the nature of the indebtedness owed to it; (d) whether the U.S. Holder previously claimed a bad debt deduction in respect of the Affected Claim; (e) whether the U.S. Holder of the Affected Claim reports income on the accrual or cash basis method of accounting; and (f) whether the U.S. Holder receives distributions in more than one (1) taxable year. In addition, where gain or loss is recognized by a U.S. Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, whether the Affected Claim constitutes a capital asset in the hands of the U.S. Holder and how long it has been held or is treated as having been held, and whether the Affected Claim was acquired at a market discount.

Gain or Loss

In general, the receipt of cash in exchange for an Affected Claim should result in the recognition of gain or loss in an amount equal to the difference between (i) the amount of any cash paid in U.S. Dollars and the value in U.S. Dollars of any cash received in Canadian Dollars (other than any cash attributable to accrued but unpaid interest) and (ii) the U.S. Holder's tax basis in its Affected Claim (other than any Affected Claim for accrued but unpaid interest). If the Affected Claim in the U.S. Holder's hands is a capital asset, the gain or loss realized will generally be characterized as a capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if the U.S. Holder held such Affected Claim for longer than one (1) year or short-term capital gain or loss if the U.S. Holder held such Affected Claim for one (1) year or less. If the U.S. Holder realizes a capital loss, the U.S. Holder's deduction of the loss may be subject to limitation. A U.S. Holder's tax basis in New Shares and New Senior Secured Term Facility (other than New Shares and New Senior Secured Term Facility, if any, allocable to accrued interest) should equal the fair market value of New Shares and the issue price of the New Senior Secured Term Facility (as determined for U.S. federal income tax purposes) on the Effective Date. A U.S. Holder's holding period for the New Shares and New Senior Secured Term Facility should begin on the day following the Effective Date.

In certain circumstances, holders of General Creditor Claims (other than Second Lien Deficiency Claims) may be entitled to ordinary loss treatment if the underlying claim did not represent a capital asset.

Accrued But Unpaid Interest

U.S. Holders of Affected Claims who were not previously required to include any accrued but unpaid interest in their gross income on a Affected Claim may be treated as receiving taxable interest income taxable at tax rates for ordinary income to the extent any consideration they receive under the 2019 CCAA Plan is allocable to such interest. U.S. Holders of Affected Claims previously required to include in their gross income any accrued but unpaid interest on an Affected Claim may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the 2019 CCAA Plan. Under the 2019 CCAA Plan, to the extent that any Affected Claim entitled to a distribution is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated to the principal amount of the Affected Claim first and then, to the extent the distribution exceeds the principal amount of the Affected Claim, to the portion of such Affected Claim representing accrued but unpaid interest. Consequently, it is not expected that any amount of interest accrued on the Affected Claims will be paid or satisfied under the 2019 CCAA Plan. It is expected that the U.S. federal income tax treatment should be consistent with such treatment under the 2019 CCAA Plan. However, there is no assurance that such treatment will be respected by the IRS for U.S. federal income tax purposes.

Certain Losses

A U.S. Holder of an Affected Claim who receives, in respect of its Affected Claim, an amount that is less than its tax basis in such Affected Claim may be entitled to a bad debt deduction under section 166(a) of the Tax Code or a loss under section 165(a) of the Tax Code. A U.S. Holder that has previously recognized a loss or deduction in respect of its Affected Claim may be required to include in its gross income (as ordinary income) any amounts received under the 2019 CCAA Plan to the extent such amounts exceed the U.S. Holder's adjusted basis in such Affected Claim. Whether the U.S. Holder of Affected Claims will recognize a loss, a bad debt deduction or any other tax treatment will depend upon facts and circumstances that are specific to the nature of the U.S. Holder and its Affected Claims. Accordingly, U.S. Holders of Affected Claims should consult their own tax advisors.

Market Discount

If a U.S. Holder of an Affected Claim purchased the Affected Claim at a discount, the difference may constitute "market discount" for U.S. federal income tax purposes. Any gain recognized by a U.S. Holder on the disposition of debt instruments that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debt instruments were considered to be held by the U.S. Holder (unless such U.S. Holder elected to include market discount in income as it accrued).

Interest on New Senior Secured Term Facility

Stated interest paid to a U.S. Holder will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest is received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. The New Senior Secured Term Facility will be considered to be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. A U.S. Holder generally (a) will be required to include the OID in gross income as ordinary interest income as it accrues on a constant yield to maturity basis over the term of the New Senior Secured Term Facility in advance of the receipt of the cash attributable to such OID and regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, but (b) will not be required to recognize additional income upon the receipt of any cash payment on the New Senior Secured Term Facility that is attributable to previously accrued OID that has been included in its income.

Accrual method U.S. Holders that prepare an “applicable financial statement” (as defined in section 451 of the U.S. Internal Revenue Code of 1986, as amended) generally would be required to include certain items of income such as OID (but not market discount, as described above) no later than the time such amounts are reflected on such a financial statement. The application of this rule to income of a debt instrument with OID is effective for taxable years beginning after December 31, 2018. U.S. Holders should consult their tax advisors with regard to interest, OID, and market discount.

Dividends on New Shares

A U.S. Holder of ***New Shares*** generally will be required to include in gross income as ordinary dividend income the amount of any distributions paid on the ***New Shares*** to the extent of the ***Company's*** current or accumulated earnings and profits as determined for ***U.S.*** federal income tax purposes. “Qualified dividend income” received by a non-corporate U.S. Holder is subject to preferential tax rates. Distributions not treated as dividends for federal income tax purposes will constitute a return of capital and will first be applied against and reduce a U.S. Holder's adjusted tax basis in the ***New Shares***, but not below zero. Any excess amount will be treated as gain from a sale or exchange of the ***New Shares***. U.S. Holders that are treated as corporations for federal income tax purposes may be entitled to a dividends received deduction with respect to distributions out of the Company's earnings and profits**. In the event of Canadian withholding taxes are imposed on dividends paid to a U.S. Holder, the U.S. Holder may be entitled to a foreign tax credit to offset part of the corresponding U.S. federal income tax liability. A U.S. corporation that holds more than 10% of the shares of the Company and receives a dividend may be eligible for an exclusion from income on such dividend. Consult with your tax advisor to determine whether you would be entitled to this exclusion.**

Disposition of New Shares

A U.S. Holder of ***New Shares*** will recognize gain or loss upon the sale or other taxable disposition of ***New Shares*** equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in the ***New Shares***. Subject to the recapture rules under IRC Section 108(e)(7), any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the ***New Shares*** for more than one year as of the date of disposition. Under the IRC Section 108(e)(7) recapture rules, a U.S. Holder may be required to treat gain recognized on the taxable disposition of ***New Shares*** as ordinary income if the U.S. Holder took a bad debt deduction with respect to the ***Existing First Lien*** Debt. U.S. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses.

Limitation on Use of Capital Losses

A U.S. Holder of an Affected Claim who recognizes capital losses as a result of the distributions under the Plan or upon a disposition of the New Shares or New Senior Secured Term Facility will be subject to limits on its use of capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods) plus ordinary income to the extent of the lesser of (i) $3,000 ($1,500 for married individuals filing separate returns) or (ii) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them to capital gains and a portion of *its* ordinary income for an unlimited number of years. For corporate U.S. Holders, losses from the sale or exchange of capital assets may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in other tax years. Corporate U.S. Holders may only carry over unused capital losses for the five years following the capital loss year, but are allowed to carry back unused capital losses to the three years preceding the capital loss year.

Information Reporting and Back-Up Withholding

Under U.S. federal income tax law, interest and other reportable payments may be, under certain circumstances, subject to “backup withholding” at the then-applicable withholding rate (currently 24%).

Backup withholding generally applies if a U.S. Holder (i) fails to furnish its social security number or other taxpayer identification number ("**TIN**"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct TIN and that it is a U.S. person not subject to backup withholding.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. U.S. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the 2019 CCAA Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF AFFECTED CLAIMS IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF AFFECTED CLAIMS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM UNDER THE 2019 CCAA PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-U.S. OR OTHER APPLICABLE TAX LAWS.

RECOMMENDATION OF THE SPECIAL COMMITTEE AND THE BOARD

The Board, on the recommendation of the Special Committee, has approved the 2019 CCAA Plan and has authorized its submission to the Affected Creditors for their approval and, subject to that approval, to the Court for approval.

The Special Committee and the Board are of the view that the completion of the Plan Transaction as contemplated is in the best interests of the Company and its stakeholders.

The Board recommends that Affected Creditors vote FOR the applicable Resolutions to approve the 2019 CCAA Plan.

Determination of the Special Committee

The Special Committee was formed in 2016 to investigate, evaluate and consider (i) possible financing alternatives available to the Company and (ii) possible restructuring alternatives relating to the Company's current capital structure, including, without limitation, the advisability of proceeding with a restructuring under the CCAA.

Since its formation, the Special Committee has directly overseen all aspects of the restructuring of Connacher. The Special Committee has met frequently and has been intimately involved in evaluating all restructuring options available and providing recommendations to the Board in respect of the actions to be taken by Connacher to evaluate and consider the best interests of Connacher related to a negotiated restructuring of Connacher's debt, and any alternatives thereto, including, without limitation, the advisability of proceeding with a restructuring under the CCAA.

The Special Committee has been assisted in its work by Cassels, Akin Gump, the Financial Advisor and the Monitor. The Monitor assisted the Company prior to and since the commencement of the CCAA Proceeding in May 2016. The Monitor worked closely with Connacher in connection with the 2016 court-approved sales process and provided information that allowed the Special Committee and the Board to determine that a sale based on the 2016 market conditions was not in the best interests of Connacher.

The Financial Advisor was retained pursuant to a Court order in February 2018 to assist with the development and implementation of the Second SISP. The Financial Advisor has rendered restructuring advice covering a range of matters including stakeholder analysis and advice relating to strategic marketing and transaction negotiation. The Special Committee, having received legal advice from Cassels and Akin Gump, and having worked closely with the Financial Advisor, conducted an extensive and time intensive process to identify potential transactions involving a sale, restructuring, recapitalization of the Company. Approximately 230 strategic and financial parties were contacted as part of the Second SISP.

In making its recommendation to the Board regarding the Plan Transaction, the Special Committee considered, among other things:

1. **Implementation of the 2019 CCAA Plan results in the highest recoveries for all stakeholders; in all other potential transactions, there would be no recovery to creditors that rank behind the First Lien Lenders;**

2. **The support of the Consenting First Lien Lenders, who represent a majority of the Company's First Lien Lenders;**

3. **The length of the CCAA Proceeding and the business initiatives that the Company has undertaken in the past two years;**

4. **The market test of the Company's value in the Initial SISP and the Second SISP, including the feedback from the other bidders and Second SISP participants;**

5. **The 2019 CCAA Plan is a going concern transaction that allows Connacher to continue to operate with limited disruption to its business;**

6. **Connacher has conducted two Court-supervised sales processes to identify the best available transaction; and**

7. **The general fairness standards and considerations expected to be applied by the Court in connection with the 2019 Plan Sanction Order.**

The Special Committee also considered a number of other factors and potential risks relating to the 2019 CCAA Plan, including:

- the treatment of each stakeholder group having regard to relative legal priorities and to overall fairness between stakeholders in the circumstances;
- the financial condition of the Company on emergence from CCAA protection, including liquidity and leverage and other factors affecting viability such as the ability of the Company to undertake strategic capital expenditures that are critical to its future;
- the advice of the Company's Financial Advisor provided to the Board;
- the advice of the Company's legal advisors, including with respect to the 2019 CCAA Plan and the considerations expected to be applied by the Court in connection with the 2019 Plan Sanction Order;
- the opinions and views of management;

- the 2019 CCAA Plan approval procedures, including the requirement for the approval of Affected Creditors and the approval by the Court at which the fairness of the 2019 CCAA Plan will be considered;
- the circumstances leading up to the 2019 CCAA Plan;
- the risks to the Company if the Plan Transaction is not completed;
- the conditions to the various counterparties' obligations to complete the Plan Transaction; and
- such other considerations as it deemed appropriate.

The Special Committee unanimously determined that the 2019 CCAA Plan is in the best interests of Connacher and to recommend to the Board that they approve the 2019 CCAA Plan and recommend that Affected Creditors vote FOR the Resolutions to approve the 2019 CCAA Plan.

Determination of the Board

The Board, after careful consideration of the recommendation of the Special Committee and the factors set out above, unanimously determined (with those directors who are representatives of certain of Connacher's stakeholders having declared their interest in the transaction and abstained from voting) to accept the recommendation of the Special Committee and approve the 2019 CCAA Plan, authorize its submission to the Affected Creditors for approval and recommend that Affected Creditors vote FOR the Resolutions to approve the 2019 CCAA Plan.

The foregoing description includes the principal factors considered by the Special Committee and the Board, but is not intended to be exhaustive of all of the factors considered, and, in view of the number and complexity of factors considered. The Special Committee and the Board did not find it practicable to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered by it in making its recommendation (and individual members of the Board may have given different weights to different factors). The Special Committee and the Board reached their recommendations based on the totality of the information presented to, and considered by through their deliberations.

The Special Committee and the Board believe that the 2019 CCAA Plan will produce more favourable results for the Affected Creditors and other stakeholders of the Company than would the Credit Bid Transaction or a liquidation or sale of the underlying assets or business. The 2019 CCAA Plan provides the Company with an opportunity to continue as a viable going concern with a new owner (thereby preserving employment and commercial relationships with customers and vendors). Failure to implement the 2019 CCAA Plan could result in Affected Creditors and other creditors receiving significantly less value at a much later unknown date.

The Monitor has assisted the Special Committee, the Board and the Company while at the same time, as an officer of the Court, independently keeping the Court up to date on financial performance of the Company and the status of the restructuring process. The Monitor's recommendations and advice have been considered by the Special Committee and the Board as a factor in their approval of the 2019 CCAA Plan.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Circular from documents filed with the various securities commissions or similar regulatory authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference, are available electronically under the Company's profile on SEDAR at www.sedar.com. The Company's filings on SEDAR are not incorporated by reference in this Circular except as specifically set out herein.

The following documents filed by the Company with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference in, and form an integral part of, this Circular:

(i) the portion of the Company's AIF dated March 29, 2016 entitled "Risk Factors" on pages 30 to 48 thereof other than those in the sections entitled "Risks Related to Financing and the Company's Indebtedness" and "Risks Relating to Company's Equity Securities";

(ii) the audited consolidated financial statements for the years ended December 31, 2018 and 2017, together with the notes thereto and the report of the independent registered public accounting firm thereon;

(iii) the management's discussion and analysis for the year ended December 31, 2018 dated April 26, 2019;

(iv) the material change report dated February 19, 2019;

(v) the material change report dated February 11, 2019;

(vi) the material change report dated August 23, 2018;

(vii) the material change report dated August 3, 2018;

(viii) the material change report dated January 30, 2018;

(ix) the material change report dated July 10, 2017;

(x) the material change report dated February 3, 2017;

(xi) the material change report dated December 22, 2016;

(xii) the material change report dated November 2, 2016;

(xiii) the material change reports dated May 25, 2016; and

(xiv) the material change report dated April 5, 2016.

Any document of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – Short Form Prospectus (excluding confidential material change reports), if filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Circular disclosing additional or updated information including the documents incorporated by reference herein, filed pursuant to the requirements of the applicable securities legislation in Canada, will be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of a material fact, nor an omission to state a material fact that is required to be stated or necessary to make a statement not misleading in light of the circumstances in which it is made.

APPROVAL OF CIRCULAR

The contents and the sending of this Circular have been approved by the Board.

Calgary, Alberta

May 16, 2019

Connacher Oil and Gas Limited

"Scott G. Pearl"

"Eugene I. Davis"

GLOSSARY OF TERMS

In this Circular, other than the Exhibits:

"**1933 Act**" means the United States Securities Act of 1933.

"**1934 Act**" has the meaning set forth in *Certain Legal Matters – Status Under U.S. Securities Laws*.

"**2015 Recapitalization**" has the meaning set forth in *Background and Operations*.

"**2018 Creditors' Meetings**" means the meetings of each Class of Creditors held on October 3, 2018.

"**2018 Creditors' Meetings Order**" means the Order granted by the Court in the CCAA Proceeding dated August 22, 2018 that, among other things, accepted the filing of the 2018 CCAA Plan, and ordered and declared the procedures to be followed in connection with the 2018 Creditors' Meetings.

"**2018 CCAA Plan**" means the Company's Amended and Restated Plan of Compromise and Arrangement dated August 13, 2018, which was sanctioned by the Court in the CCAA Proceedings pursuant to the 2018 Plan Sanction Order.

"**2018 Plan Sanction Order**" means the Order granted by the Court in the CCAA Proceedings dated October 4, 2018, sanctioning the 2018 CCAA Plan pursuant to the CCAA.

"**2019 CCAA Plan**" means the Company's Plan of Compromise and Arrangement (including the Restructuring Transactions) dated May 6, 2019, as it may be amended, restated, supplemented or replaced in accordance with the terms thereof and the Amended and Restated Support Agreement.

"**2019 Creditors' Meetings**" means the meetings of each Class of Creditors called for the purposes of considering and voting in respect of the 2019 CCAA Plan, as set out in and held pursuant to the 2019 Creditors' Meetings Order, and includes any postponements or adjournments thereof.

"**2019 Creditors' Meetings Order**" means the 2019 Creditors' Meetings Order granted by the Court in the CCAA proceeding on about May 16, 2019 that, among other things, accepts the filing of the 2019 CCAA Plan, and orders and declares the procedures to be followed in connection with the 2019 Creditors' Meetings, as such Order may be amended, restated or varied from time to time by subsequent Order.

"**2019 Creditors' Meetings Record Date**" means, subject to the 2019 Creditors' Meetings Order, 1:00 p.m. (Calgary time) on the date that is two (2) Business Days prior to the 2019 Creditors' Meetings.

"**2019 Plan Sanction Order**" means an Order, in form and substance acceptable to the Company, the Monitor, the Consenting First Lien Lenders, and the First Lien Agent, each acting reasonably, among other things, sanctioning the 2019 CCAA Plan and giving directions regarding its implementation, which shall include the provisions set out in Section 8.1 of the 2019 CCAA Plan unless otherwise agreed to in writing by the Company, the Monitor, the Consenting First Lien Lenders, and the First Lien Agent.

"**2019 Sanction Hearing**" means the Company's application for the 2019 Plan Sanction Order on the 2019 Sanction Hearing Date.

"**2019 Sanction Hearing Date**" means June 20, 2019, or such later date as may be acceptable to the Company, the Monitor, and the Majority Consenting First Lien Lenders.

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**ABL Facility**" has the meaning set forth in *Description of the Plan Term Sheet* or *Description of the Credit Bid Term Sheet*, as applicable.

"**Accepted Claim**" means the Affected Claim of a Creditor, as finally determined in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order, any other Order and/or the 2019 CCAA Plan and, for greater certainty (a) the Accepted Claim of each First Lien Lender shall be its Pro Rata Share of the First Lien Claim and (b) the Accepted Claim of each Second Lien Noteholder shall be its Pro Rata Share of the Second Lien Claim.

"**Additional Deposit**" means an additional deposit of $1.5 million to be paid to the Monitor by East River in connection with each election to extend the East River Outside Date in accordance with the terms of the East River Plan Sponsorship Agreement and East River Purchase Agreement.

"**Administration Charge"** means the Administration Charge granted under the Initial Order.

"**Administrative Reserve Fund**" means the amount of $750,000 out of the Plan Implementation Fund to be held in escrow by the Monitor.

"**Advisors**" has the meaning set forth in *Representations and Warranties of Consenting First Lien Lenders*.

"**AER**" means the Alberta Energy Regulator.

"**Affected Claim**" means a Claim, other than an Unaffected Claim.

"**Affected Creditor**" means a holder of an Affected Claim.

"**AIF**" means the Annual Information Form of the Company dated March 29, 2016.

"**Akin Gump**" means Akin Gump Strauss Hauer & Feld LLP, United States counsel to the Company.

"**Alleged Directors' Charge Claim**" means any D&O Claims, D&O Restructuring Period Claims or Post-Filing D&O Claims which would be secured by the Directors' Charge that remain outstanding and have not been fully paid prior to the Effective Date.

"**Alleged Priority Secured Claim**" means a Secured Claim that is alleged to be a Priority Secured Claim, including but not limited to any claim by the Municipality (but excluding the Outstanding Municipal Tax Claim), that remains in dispute (with respect to either or both the quantum or its priority secured status) and such dispute is not finally resolved as of the Effective Date pursuant to the Supplemental Claims Procedure Order.

"**Alleged Retention Plan Claim**" means any Person's entitlement under the LTIP, the LTIP 2017, the KERP, the Supplemental KERP, the Second Supplemental KERP, the KEIP or the Credit Bid KERP that is disputed by the Company and which remains outstanding and has not been paid prior to the Effective Date.

"**Allowable Capital Loss**" has the meaning set forth in *Taxation of Capital Gains and Capital Losses*.

"**Amended and Restated Support Agreement**" means the amended and restated support agreement among the Company, the Consenting First Lien Lenders and the First Lien Agent dated May 6, 2019, as may be further amended or amended and restated from time to time.

"**Amended and Restated Support Agreement Approval Order**" means the Order (Approval of Amended and Restated Support Agreement) granted by the Court in the CCAA proceeding on May 16, 2019, *inter alia*, approving the Amended and Restated Support Agreement and authorizing the Company to comply with its obligations thereunder.

"**Applicable Law**" means, at any time, in respect of any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Authorized Authority.

"**Approval and Vesting Order**" means the Order to be sought from the Court in the event of a CCAA Plan Termination Event, *inter alia*, approving the PSA and vesting the purchased assets in the Credit Bid Purchaser.

"**Articles of Reorganization**" means the articles of reorganization of the Company substantially in the form attached as Exhibit "C" hereto and to be filed pursuant to section 191 of the CBCA.

"**Assets**" means all of the property and assets of the Company of every kind and description and wherever located used by or in connection with or otherwise relating in whole or in part to the business of the Company, including the petroleum and natural gas rights, the tangibles and the miscellaneous interests.

"**ATB**" means ATB Financial.

"**ATB Charge**" means the charge granted in favour of ATB in the ATB Credit Facilities Order.

"**ATB Credit Facilities**" means those certain credit facilities provided to the Company by ATB as approved in the ATB Credit Facilities Order.

"**ATB Credit Facilities Order**" means the Order (Approval of ATB Credit Facilities) granted by the Court in the CCAA Proceeding dated November 10, 2017.

"**Authorization Order**" means the Order granted in the CCAA Proceeding dated May 16, 2019 that, among other things, approves the Amended and Restated Support Agreement, approves the Credit Bid KERP and seals certain portions of the Amended and Restated Support Agreement.

"**Authorized Authority**" means, in relation to any Person, property, transaction, event or other matter, as applicable, any:

a) federal, provincial, territorial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign;

b) agency, authority, commission, instrumentality, regulatory body, court, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any Taxing Authority;

c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; or

d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange,

in each case having jurisdiction over such Person, property, transaction, event or other matter.

"**BEH**" means Burgess Energy Holdings, L.L.C.

"**BEH Royalty Agreement**" means that certain royalty agreement between the Company and BEH dated January 29, 2018, approved pursuant to the BEH Royalty Approval Order.

“**BEH Royalty Approval Order**” means the Order granted in the CCAA Proceeding dated January 29, 2018 approving the BEH Royalty Agreement.

“**Beneficial First Lien Lender**” means a beneficial holder of a portion of the First Lien Claim.

“**Beneficial Noteholder**” means (i) a registered holder of Second Lien Notes, if such registered holder holds Second Lien Notes as principal and for its own account; or (ii) a holder who is not a registered holder but is a beneficial or entitlement holder of Second Lien Notes who holds such Second Lien Notes in one or more securities account(s) with a depository participant or other securities intermediary, including for greater certainty, such depository participant or other securities intermediary only if and to the extent such depository participant or other securities intermediary holds Second Lien Notes as principal and for its own account.

“**Beneficial Noteholder Voting and Election Deadline**” means 5:00 p.m. (Calgary time) on the day that is two Business Days prior to the 2019 Creditors’ Meetings.

“**Bennett Jones**” means Bennett Jones LLP, counsel to the First Lien Agent and Consenting First Lien Lenders.

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

“**Bitumen**” has the meaning set forth in *The BEH Royalty Agreement*.

“**Board**” means the board of directors of the Company.

“**Business Day**” means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Calgary, Alberta, Canada.

“**Cash on Hand**” means all cash and cash equivalents (including marketable securities and short-term investments), including any funds being held by the Company as Shut Down Restricted Cash pursuant to the Initial Order, but, for greater certainty, shall exclude any funds held by ATB as security for obligations owing under the ATB Credit Facilities and funds held on deposit or in escrow in respect of insurance policies in favour of the Directors or Officers which shall be applied on the Effective Date as set out in Schedule “A” to the 2019 CCAA Plan.

“**Cassels**” means Cassels Brock & Blackwell LLP.

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended.

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

“**CCAA Charges**” means the Administration Charge, the Directors’ Charge, the KERP/LTIP Charge, the ATB Charge, the Financial Advisor Charge, and the KEIP Charge, each as may be amended by Order of the Court.

“**CCAA Plan Termination Event**” has the meaning set forth in *Credit Bid Transaction – Conversion of Existing First Lien Debt*.

“**CCAA Proceeding**” means the proceedings commenced by the Company under the CCAA on May 17, 2016 in the Court bearing Court File No. 1601-06131.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Chairperson**” has the meaning set forth in *The 2019 Creditors’* Meetings.

"**Circular**" means this information circular including the attached Exhibits and any amendment hereto.

"**Claim**" means any of the following:

a) a First Lien Claim, including a First Lien Deficiency Claim;

b) a Second Lien Claim, including a Second Lien Deficiency Claim;

c) a Pre-Filing Claim;

d) a Restructuring Period Claim;

e) a D&O Claim;

f) a D&O Restructuring Period Claim;

g) a D&O Indemnity Claim;

h) a Post-Filing D&O Claim;

i) a Secured Claim;

j) a Priority Secured Claim;

k) an Equity Claim;

l) a Post-Filing Claim;

m) a Convenience Class Claim;

n) a Crown Priority Claim;

o) an Employee Priority Claim;

p) a Municipal Tax Claim; and

q) an Outstanding Municipal Tax Claim.

"**Claimant"** means any Person asserting a Claim and includes without limitation a Person who, according to the books and records of the Company, may have a Claim against the Company, the transferee or assignee of a Claim transferred and recognized as such in accordance with the 2019 Creditors' Meetings Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on or behalf of or through such Person;

"**Claims Bar Date**" means 5:00 p.m. (Calgary time) on September 26, 2016.

"**Claims Procedure Order**" means the Claims Procedure Order granted by the Court in the CCAA Proceeding dated August 24, 2016, as such Order may be amended, restated or varied from time to time by subsequent Order(s).

"**Class**" means any one of the First Lien Lender Class or the General Creditor Class.

"**Class A Common Shares**" has the meaning set forth in *Restructuring Transactions*.

“**Collateral Trust Agreement**” means the collateral trust and intercreditor agreement dated December 3, 2007 initially among, inter alios, the Company, the guarantors party thereto, The Bank of New York Mellon (formerly known as The Bank of New York), the Collateral Trustee and Royal Bank of Canada, as amended, restated, supplemented or replaced from time to time.

“**Collateral Trustee**” means Computershare Trust Company of Canada, as collateral trustee for (i) the First Lien Agent and the First Lien Lenders under the First Lien Credit Agreement and (ii) the Second Lien Trustee and the purchasers under the Second Lien Indenture pursuant to the Collateral Trust Agreement.

“**Company**” has the meaning set forth in *Summary.*

“**Consenting First Lien Advisors**” means Bennett Jones LLP, PricewaterhouseCoopers LLP and such other advisors as may be retained by the Consenting First Lien Lenders.

“**Consenting First Lien Lenders**” means those certain First Lien Lenders that are party to the Amended and Restated Support Agreement.

“**Continuing Contract**” means a contract, arrangement or other agreement (oral or written) for which a notice of disclaimer pursuant to Section 32 of the CCAA has not been sent by the Company on or prior to the Disclaimer Deadline.

“**Convenience Class Claim**” means (a) any Accepted Claim of a General Creditor in an amount that is less than or equal to $2,000, and (b) any Accepted Claim of a General Creditor in an amount greater than $2,000 if the relevant Creditor has made a valid Distribution Election for purposes of the 2019 CCAA Plan in accordance with the 2019 Creditors’ Meetings Order and the 2019 CCAA Plan.

“**Convenience Class Creditor**” means a General Creditor with a Convenience Class Claim, provided that in order to be a Convenience Class Creditor in respect of a Second Lien Deficiency Claim a Beneficial Noteholder must deliver a Voting Information and Election Form in accordance with the 2019 Creditors’ Meetings Order.

“**Court**” means the Court of Queen’s Bench of Alberta.

“**Credit Bid KERP**” means the credit bid key employee retention program substantially in the form attached as Schedule “H” to the Amended and Restated Support Agreement.

“**Credit Bid KERP Beneficiaries**” has the meaning set forth in *Credit Bid KERP.*

“**Credit Bid KERP Payments**” has the meaning set forth in *Credit Bid KERP.*

“**Credit Bid Purchaser**” has the same meaning as the term “Newco”, defined below.

“**Credit Bid Term Sheet**” means the Credit Bid Term Sheet attached as Schedule “D” to the Amended and Restated Support Agreement, as it may be amended, restated, supplemented or replaced in accordance with the terms of the Amended and Restated Support Agreement.

“**Credit Bid Transaction**” has the meaning set forth in *Summary*.

“**Creditor”** means any holder of a Claim and includes a transferee of a Claim that is recognized as a Creditor by the Monitor in accordance with the 2019 CCAA Plan, the Claims Procedure Order, the Supplemental Claims Procedure Order or any other Order, as applicable, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such holder.

“**Crown**” means Her Majesty in right of Canada or any province or territory of Canada.

"**Crown Priority Claims**" means all unpaid amounts, if any, provided for in Section 6(3) of the CCAA.

"**D&O Claim**" means:

a) any right or claim of any Person that may be asserted or made in whole or in part against one or more Directors or Officers that relates to a claim for which such Directors or Officers are by law liable to pay in their capacity as Directors or Officers; or

b) any right or claim of any Person that may be asserted or made in whole or in part against one or more Directors or Officers, in that capacity, 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 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 any legal, statutory, regulatory, equitable or fiduciary duty or obligation) 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, and any interest accrued thereon or costs payable in respect thereof, 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 any right or ability of any Person to advance a claim for contribution or indemnity from any such Directors or Officers or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, (A) is based in whole or in part on facts prior to the Filing Date, or (B) relates to a time period prior to the Filing Date.

"**D&O Indemnity Claim**" means any existing or future right of any Director or Officer against the Company which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Company.

"**D&O Restructuring Period Claim**" means any right or claim of any Person against a Director or Officer in connection with any indebtedness, liability or obligation of any kind whatsoever resulting from the restructuring, disclaimer, resiliation, termination or breach by the Company on or after the Filing Date of any contract, lease, or other agreement or obligation, whether written or oral and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Claims Procedure Order.

"**Directive 067**" means Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals released by the AER on December 6, 2017.

"**Director**" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of the Company.

"**Director/Officer Claims**" has the meaning set forth in *Description of the 2019 CCAA Plan.*

"**Directors' Charge**" means the Directors' Charge granted under the Initial Order in favour of the Directors and Officers.

"**Directors' Charge Claims Reserve**" means the amount from the Plan Implementation Fund equal to any and all Alleged Directors' Charge Claims to be held in escrow by the Monitor.

"**Disallowed Claim**" means a Claim (or any portion thereof) which has been finally disallowed in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order or any other Order.

"**Disclaimer Deadline**" means 5:00 p.m. (Calgary time) on the day which is 35 days prior to the 2019 Creditors' Meeting for the General Creditor Class or if such day is not a Business Day then the immediately preceding Business Day.

"**Disclosure Letter**" means the letter from the Company to the Advisors dated March 19, 2018, all or any portion of which the Advisors shall be entitled to share with the Consenting First Lien Lenders which they represent, subject to the terms of the confidentiality provisions contained in the First Lien Credit Agreement.

"**Disputed Claim**" means that portion of a Claim in respect of which a Creditor has delivered a Notice of Dispute pursuant to the Claims Procedure Order or the Supplemental Claims Procedure Order which has not been allowed or accepted for voting and/or distribution purposes or which has not been barred or finally disallowed pursuant to the Claims Procedure Order or the Supplemental Claims Procedure Order. For greater certainty, once a Disputed Claim is finally determined, it shall become an Accepted Claim or Disallowed Claim.

"**Distribution Date**" means the date or dates from time to time on or after the Effective Date, set by the Monitor in its discretion, to effect interim and final distributions in respect of Accepted Claims.

"**Distribution Election**" means an election:

a) made by a General Creditor with an Accepted Claim greater than $2,000 by delivery of a duly completed and executed Distribution Election Notice to the Monitor by no later than the Distribution Election Deadline electing to receive the Distribution Election Amount in full satisfaction of its Accepted Claim; and

b) deemed to have been made by each General Creditor with an Accepted Claim equal to or less than $2,000, provided that in the case of a Beneficial Noteholder in respect of a Second Lien Deficiency Claim such Beneficial Noteholder shall have delivered a Voting Information and Election Form in accordance with the 2019 Creditors' Meetings Order.

"**Distribution Election Amount**" means, in respect of any Accepted Claim of a General Creditor for which a valid Distribution Election has been made or has been deemed to have been made in accordance with the 2019 CCAA Plan, the lesser of (a) a cash amount equal to $2,000 and (b) the amount of such Accepted Claim.

"**Distribution Election Deadline**" means 5:00 p.m. (Calgary time) on June 17, 2019.

"**Distribution Election Notice**" means a notice substantially in the form attached to the 2019 Creditors' Meetings Order, or in the case of a Beneficial Noteholder, a Voting Information and Election Form.

"**DTC**" means The Depository Trust Company.

"**East River**" has the meaning set forth in *Summary*.

"**East River Approval and Vesting Order**" means an order of the Court in substantially the form attached to the East River Purchase Agreement.

"**East River Outside Date**" means the final date under the East River Plan Sponsorship Agreement and East River Purchase Agreement to complete the East River Plan Transaction or East River Purchase Transaction, as applicable.

"**East River Plan Sponsorship Agreement**" means the CCAA Acquisition and Plan Sponsorship Agreement between East River and the Company dated August 2, 2018.

"**East River Plan Transaction**" means a restructuring of the Company by way of the 2018 CCAA Plan prior to the East River Outside Date, on the terms set out in and consistent in all material respects with the East River Plan Sponsorship Agreement and the 2018 CCAA Plan.

"**East River PRC Approvals**" means collectively: (i) the MOFCOM Approval; (ii) the NDRC Approval; and (iii) the SAFE Registration.

"**East River Purchase Agreement**" means the Purchase and Sale Agreement between East River and the Company dated August 2, 2018, as amended.

"**East River Purchase Transaction**" means the asset purchase transaction contemplated by the East River Purchase Agreement.

"**Effective Date**" means the day on which the Monitor delivers the Monitor's Certificate to the Company, and counsel to the Consenting First Lien Lenders pursuant to Section 8.3 of the 2019 CCAA Plan.

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date or such other time as may be agreed to in writing by the Company and the Consenting First Lien Lenders.

"**Employee Priority Claim**" means all unpaid amounts, if any, provided for in Section 6(5)(a) of the CCAA.

"**Employees**" means the employees of the Company, as set forth in the Disclosure Letter.

"**Employee Severance Order**" means the Order of the Court granted in the CCAA Proceeding dated February 6, 2017.

"**Encumbrance**" means any security interest, trust, lien, charges and encumbrance, or claim of a secured creditor statutory or otherwise.

"**Equity Claim**" has the meaning set forth in Section 2(1) of the CCAA.

"**Equityholder Information**" means such information and documentation as the Company may require from recipients of the New Shares in order to comply with any anti-money laundering, "know your client", proceeds of crime and other Applicable Laws applicable to the Company which shall be communicated to the proposed recipient of New Shares by the First Lien Agent;

"**Excluded Claim**" means:

a) any claim secured by the Administration Charge, the Directors' Charge, Interim Lenders' Charge or the KERP/LTIP Charge;

b) any other claim secured by a Court-ordered charge in the CCAA Proceeding arising after the date of the Claims Procedure Order;

c) any claim arising under a contract entered into by the Company on or after the Filing Date or with respect to goods or services provided to the Company on or after the Filing Date;

d) any D&O Indemnity Claim; and

e) claim in respect of employee amounts that become payable on or after the Filing Date, other than a Restructuring Period Claim.

"**Excluded Director/Officer Claim**" has the meaning set forth in *Description of the 2019 CCAA Plan*.

"**Executive Employment Agreements**" means the key management employment agreements to be in place on the Effective Date in accordance with the Plan Term Sheet or the Credit Bid Term Sheet, as applicable.

"**Existing Shares**" means the common shares, preferred shares, warrants and stock options in the capital of the Company.

"**Filing Date**" means May 17, 2016.

"**Financial Advisor**" means Houlihan Lokey Capital, Inc., financial advisor to the Company.

"**Financial Advisor Approval Orde**r" means the Order (Engagement of Financial Advisor) granted by the Court in the CCAA Proceeding dated February 28, 2018.

"**Financial Advisor Charge**" means the charge granted under the Financial Advisor Approval Order in favour of the Financial Advisor.

"**First Lien Agent**" means Wilmington Trust, National Association, in its capacity as administrative agent for the lenders under the First Lien Credit Agreement.

"**First Lien Claim**" means the amount of $292,217,713.47 owing by the Company under the First Lien Credit Agreement, inclusive of accrued interest thereon up to October 31, 2018.

"**First Lien Credit Agreement**" means that certain Credit Agreement dated as of May 23, 2014 among the Company, Wilmington Trust, National Association, in its capacity as successor administrative agent, and the lenders party thereto (as such agreement has been and may be amended, modified and supplemented from time to time, including by the Amendment No. 1 dated May 8, 2015).

"**First Lien Deficiency Claim**" means the amount of $117,000,000 which shall be deemed to be an unsecured deficiency Claim and constitute a General Creditor Claim for purposes of the 2019 CCAA Plan.

"**First Lien Indebtedness**" means all obligations and liabilities owing by the Company under the First Lien Credit Agreement.

"**First Lien Lender Class**" means the Class comprised of the First Lien Lenders.

"**First Lien Lenders Proxy"** means a proxy to be submitted to the Monitor by a Beneficial First Lien Lender who wishes to vote at the meeting of the First lien Lender Class and at the meeting of the General Creditor Class, whether by voting in person or by proxy.

"**First Lien Lenders**" means any lender from time to time party to the First Lien Credit Agreement.

"**First Lien Record Date**" means May 16, 2019.

"**First Preferred Shares**" has the meaning set forth in *Restructuring Transactions*.

"**Forbearance Agreement**" has the meaning set forth in *Circumstances Prior to Filing Under CCAA*.

“**GAAP**” means International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, being Canadian generally accepted accounting principles for publicly accountable enterprises, as in effect from time to time.

“**General Creditor**” means the holder of a General Creditor Claim.

“**General Creditor Claim**” means all Affected Claims, other than First Lien Claims (except to the extent of a First Lien Deficiency Claim, which is a General Creditor Claim), Priority Secured Claims, Employee Priority Claims, Crown Priority Claims and Equity Claims.

“**General Creditor Class**” means the Class comprised of General Creditors.

“**General Creditor Pool**” means the amount of $500,000 plus the amount necessary to satisfy all Convenience Class Claims.

“**General Creditors Proxy**” means a proxy to be submitted to the Monitor by any General Creditor who wishes to vote at the meeting of the General Creditor Class, whether in person or by proxy.

“**Great Divide**” has the meaning set forth in Information Circular *Summary*.

“**IFRS**” mean the International Financial Reporting Standards.

“**Initial Commitments**” has the meaning set forth in *Background to the 2019* CCAA Plan.

“**Initial Consenting First Lien Lenders**” means the Consenting First Lien Lenders who initially signed the Amended and Restated Support Agreement.

“**Initial Distribution Date**” means a date not more than two (2) Business Days after the Effective Date or such other date specified in the 2019 Plan Sanction Order.

“**Initial Distribution Record Date**” means the date that is five (5) Business Days prior to the Initial Distribution Date.

“**Initial Order**” has the meaning set forth in *Initial Order*.

“**Initial SISP**” means the sale and investment solicitation process granted pursuant to the Initial Order.

“**Initial SISP Qualified Bidders**” has the meaning set forth in *Background to the 2019* CCAA Plan.

“**Insurance Policies**” has the meaning set forth in *Description of the 2019 CCAA Plan*.

“**Insured Claim Option Notice**” means a notice substantially in the form attached to the 2019 Creditors’ Meetings Order, which will be final and irrevocable once delivered to the Monitor.

“**Insured Claims**” means that portion of a Claim arising from a cause of action for which the Company is insured under a policy or policies of insurance existing as of the Filing Date to the extent that such Claim, or portion thereof, is insured under such policies, limited to the amount of any insurance proceeds actually received in respect of such Claim.

“**Interim Financing**” has the meaning set forth in *Filing for CCAA Protection and Subsequent Events*.

“**Interim Financing Agent**” means Wilmington Trust, National Association as administrative agent and collateral agent under the Interim Financing.

“**Interim Lenders**” has the meaning set forth in *Filing for CCAA Protection and Subsequent Events*.

"**Interim Lenders' Charge**" means the charge granted in favour of the Interim Lenders pursuant to the Initial Order.

"**IRS**" has the meaning set forth in *Certain U.S. Federal Income Tax Consequences of the 2019 CCAA Plan*.

"**Joinder Agreement**" means the joinder agreement attached to the Amended and Restated Support Agreement.

"**Jones Day**" means Jones Day LLP, United States counsel to the First Lien Agent.

"**KEIP**" means the key employee incentive plan approved pursuant to the Support Agreement & SISP Approval Order.

"**KEIP Charge**" means the charge granted under the Support Agreement & SISP Approval Order in favour of the beneficiaries of the KEIP and the Credit Bid KERP Beneficiaries.

"**KERP**" means the key employee retention plan(s) approved pursuant to the Initial Order, the Supplemental KERP Order and the Second Supplemental KERP & LTIP 2017 Order.

"**KERP/LTIP Charge**" has the meaning set forth in the Initial Order, as amended by the Supplemental KERP Order and the Second Supplemental KERP & LTIP 2017 Order.

"**Lien**" means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law.

"**LTIP**" means the Company's existing long term cash incentive plan, as amended and as approved in the Initial Order.

"**LTIP 2017**" means the Company's long term incentive plan payment as approved in the Second Supplemental KERP & LTIP 2017 Order.

"**Majority Consenting First Lien Lenders**" has the meaning set forth in the Amended and Restated Support Agreement.

"**Master Proxy**" means the proxy submitted on behalf of Second Lien Noteholders that is submitted by DTC Participant Holders.

"**MI 61-101**" means Multilateral Instrument 61-101 "Protection of Minority Security Holders in Special Transactions" and related Companion Policy 61-101CP.

"**Minimum Consideration Threshold**" means (i) cash consideration of $90,000,000; plus (ii) cash consideration sufficient to indefeasibly pay all priority claims, exclusive of the Company's cash on hand.

"**MIP**" means the management incentive plan to be in place on the Effective Date in accordance with the Plan Term Sheet or the Credit Bid Term Sheet, as applicable.

"**MOFCOM**" means the Ministry of Commerce of the People's Republic of China or the applicable local counterpart of it;

"**MOFCOM Approval**" means the outbound investment certificate issued by MOFCOM in respect of the East River Plan Transaction and the East River Purchase Transaction;

"**Monitor**" means Ernst & Young Inc., solely in its capacity as Court-appointed monitor of the Company in the CCAA Proceeding, and not in its corporate or personal capacity.

"**Monitor's Certificate**" means the certificate to be delivered from the Monitor to the Company and the Consenting First Lien Lenders stating that all Conditions Precedent set out in Section 8.2 of the 2019 CCAA Plan have been satisfied or waived.

"**Municipal Tax Claims**" means all amounts owing by the Company to the Municipality with respect to or on account of taxes of any kind whatsoever, including but not limited to property tax, equipment and machinery tax, linear property tax, education tax, and any interest, fees or penalties.

"**Municipal Tax Fund**" has the meaning set forth in Section 3.5(c) of the 2019 CCAA Plan.

"**Municipality**" means the Regional Municipality of Wood Buffalo.

"**NDRC**" means the National Development and Reform Commission of the People's Republic of China or the applicable local counterpart of it.

"**NDRC Approval**" means the overseas investment project record filing notice issued by the NDRC in respect of the East River Plan Transaction and the East River Purchase Transaction.

"**New Board**" means the board of directors of the Company to be appointed and constituted on the Effective Date in accordance with the 2019 CCAA Plan and the Restructuring Transactions, which shall be comprised of individuals selected in accordance with the Plan Term Sheet, or the board of directors of Newco to be appointed and constituted in accordance with the Credit Bid Term Sheet following the implementation of the Credit Bid Transaction, as applicable.

"**New First Lien Credit Agreement**" has the meaning set forth in *New Senior Secured Term Facility*.

"**New Senior Secured Term Facility**" means the new senior secured term facility on the terms set out in the Plan Term Sheet to be entered into by the Company on the Effective Date in accordance with the 2019 CCAA Plan and the Restructuring Transactions or in connection with the Credit Bid Transaction, as applicable.

"**New Senior Secured Term Facility Agent**" means Wilmington Trust, National Association, or such other agent acceptable to the Consenting First Lien Lenders, in its capacity as administrative agent for the lenders under the New Senior Secured Term Facility Agreement.

"**New Senior Secured Term Facility Agreement**" has the meaning set forth in Section 8.2(i) of the 2019 CCAA Plan or in the Credit Bid Term Sheet, as applicable.

"**New Shares**" means voting common shares of a newly created class of shares of the Company, to be designated as "Class A Common Shares", in such aggregate number as shall be determined by the Majority Consenting First Lien Lenders, which shall be issued by the Company to the First Lien Lenders, or their designates, in accordance with the 2019 CCAA Plan and, immediately following the issuance thereof, shall constitute all of the issued and outstanding common shares of the Company.

"**Newco**" means a newly formed entity on behalf of the First Lien Lenders.

"**Newco Shares**" means the common shares in the capital of the Credit Bid Purchaser to be issued by the Credit Bid Purchaser to the Company in accordance with the terms of the Credit Bid Term Sheet.

"**Non-Continuing Employee Claim**" has the meaning given to such term in the Supplemental Claims Procedure Order.

"**Non-Resident Holder**" has the meaning set forth in *Certain Canadian Federal Income Tax Considerations*.

"**Notice of Dispute**" means the form of notice for a Claimant to dispute the quantum of their Claim, as is attached to the Claims Procedure Order or the Supplemental Claims Procedure Order.

"**Officer**" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of the Company.

"**OID**" has the meaning set forth in *Interest on New Senior Secured Term Facility*.

"**Order**" means any final order of the Court in the CCAA Proceeding.

"**Original Credit Bid Transaction**" means the credit bid purchase and sale transaction contemplated by the Original Support Agreement and the Recapitalization Term Sheet attached as Schedule "B" thereto.

"**Original Support Agreement**" means the support agreement among the Company, the Consenting First Lien Lenders and the First Lien Agent dated March 19, 2018.

"**Outside Date Amending Agreement**" means the agreement among the Company and East River dated December 17, 2018, *inter alia*, extending the East River Outside Date to January 31, 2019.

"**Outside Date Amending Agreement No. 2**" means the agreement among the Company and East River dated December 17, 2018, *inter alia*, conditionally extending the East River Outside Date to March 29, 2019.

"**Outstanding Municipal Tax Claims**" means (i) one third (1/3) of the amount of the Municipal Tax Claims for the calendar year 2018, being the portion of the Municipal Tax Claims for the 2018 calendar year attributable to the period from and after 12:01 a.m. on September 1, 2018, and (ii) the Municipal Tax Claims owing or to be owing for the calendar year 2019.

"**Participant Holder**" means an institution that is a CDS or DTC participant with respect to the Second Lien Notes.

"**Payment and Settlement Agreement**" has the meaning set forth in *Credit Bid Transaction – Conversion of Existing First Lien Debt*.

"**Person**" shall be broadly interpreted and includes an individual, partnership, firm, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, entity, corporation, unincorporated association or organization, syndicate, committee, court appointed representative, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual, and for greater certainty includes any Authorized Authority.

"**Phase I**" means the first phase of the Initial SISP or the Second SISP, as applicable.

"**Phase II**" means the second phase of the Initial SISP or the Second SISP, as applicable.

"**Phase II Bid Deadline**" means the deadline to submit bids in the second phase of the Initial SISP, or the Second SISP, as applicable.

"**Plan Implementation Fund**" means the amount equal to the sum the Company's Cash on Hand to be delivered to the Monitor pursuant to Section 4.1 of the 2019 CCAA Plan, to be held and distributed by the Monitor in accordance with the 2019 CCAA Plan.

"**Plan Outside Date**" means July 31, 2019, or such other date as the Majority Consenting First Lien Lenders and the Company may agree.

"**Plan Term Sheet**" means the Plan Term Sheet attached as Schedule "B" to the Amended and Restated Support Agreement, as it may be amended, restated, supplemented or replaced in accordance with the terms of the Amended and Restated Support Agreement.

"**Plan Transaction**" means a restructuring of the Company by way of the 2019 CCAA Plan prior to the Plan Outside Date, on the terms set out in and consistent in all material respects with the Amended and Restated Support Agreement and the 2019 CCAA Plan.

"**Post-Filing Claims**" means any indebtedness, liability or obligation of the Company of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Effective Date in respect of services rendered or supplies provided to the Company during such period or under or in accordance with any Continuing Contract, provided that such amounts are not a Pre-Filing Claim, a Restructuring Period Claim, a D&O Restructuring Period Claim, a D&O Claim, a Post-Filing D&O Claim, an Alleged Directors' Charge Claim, a Secured Claim, a Priority Secured Claim, an Alleged Retention Plan Claim, an Alleged Priority Secured Claim, a Crown Priority Claim, a Municipal Tax Claim, an Outstanding Municipal Tax Claim, or an Employee Priority Claim.

"**Post-Filing D&O Claim**" means:

a) any right or claim of any Claimant that may be asserted or made in whole or in part against one or more Directors or Officers that relates to a Secured Claim or a Non-Continuing Employee Claim for which such Directors or Officers are by law liable to pay in their capacity as Directors or Officers; or

b) any right or claim of any Claimant that may be asserted or made in whole or in part against one or more Directors or Officers, in that capacity, 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 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 any legal, statutory, regulatory, equitable or fiduciary duty or obligation) 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, and any interest accrued thereon or costs payable in respect thereof, 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 any right or ability of any Claimant to advance a claim for contribution or indemnity from any such Directors or Officers or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, (A) is based in whole or in part on facts subsequent to the Filing Date, or (B) relates to a time period subsequent to the Filing Date.

"**Pre-Filing Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the Company, 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, arrangement or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, regulatory, equitable or fiduciary duty or obligation) 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, perfected, unperfected, 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, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be a debt provable in bankruptcy within the meaning of the BIA had the Company become bankrupt on the Filing Date.

"**Priority Secured Claim**" means any Secured Claims (other than Employee Priority Claims, Crown Priority Claims or Claims secured by the CCAA Charges), which are Accepted Claims and are determined to be in priority to the Liens securing the First Lien Claims in accordance with the Supplemental Claims Procedure Order but, for greater certainty, shall exclude a Municipal Tax Claim or any Claims held by ATB or BEH against the Company.

"**Priority Secured Claims Reserve**" means the amount from the Plan Implementation Fund equal to any and all Alleged Priority Secured Claims to be held in escrow by the Monitor.

"**Pro Rata Share**" means the proportionate share of a Creditor's Accepted Claim to the total of all Accepted Claims and all Disputed Claims in such Creditor's Class and in the case of

(i) the First Lien Claim, means the proportional share of a Beneficial First Lien Lender's holdings of the First Lien Claim to the total First Lien Claim;

(ii) the First Lien Deficiency Claim, means the proportional share of the sum of (a) the amount of accrued interest (but not principal) under a Beneficial First Lien Lender's Tranche A Loans as of October 31, 2018 plus (b) the amount of principal and accrued interest under such Beneficial First Lien Lender's Tranche B Loans as of October 31, 2018 to the sum of (x) the aggregate amount of accrued interest (but not principal) under the Tranche A Loans owing to all Tranche A Lenders as of October 31, 2018 plus (y) the aggregate amount of principal and accrued interest under the Tranche B Loans owing to all Tranche B Lenders as of October 31, 2018; and

(iii) the Second Lien Deficiency Claim, means the proportional share of a Second Lien Noteholder's holdings of Second Lien Notes to the total Second Lien Claim.

"**Proof of Claim**" means a proof of claim, in substantially the form(s) attached to the Claims Procedure Order or the Supplemental Claims Procedure Order, as submitted to the Monitor by a Creditor in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order.

"**Property**" has the meaning set forth in *Background to the 2019* CCAA Plan.

"**Proxies**" has the meaning set forth in *Forms and Proxies for Affected Creditors*.

"**PSA**" means the Purchase and Sale Agreement between the Company and the Credit Bid Purchaser to be executed following the occurrence of a CCAA Plan Termination Event.

"**Qualified Phase I Bid**" means a bid in that meets the criteria set out in paragraph 17 of the Second SISP.

"**Qualified Phase II Bid**" means a bid in that meets the criteria set out in paragraph 26 of the Second SISP.

"**Recapitalization**" means the transactions on the terms set out in the Plan Term Sheet.

"**Registered Holder**" means, in respect of the Second Lien Notes, the holder of such Second Lien Notes as recorded on the books and records of the Second Lien Trustee.

"**Registration Instructions**" means the instructions provided by a Tranche A Lender or Tranche B Lender, as the case may be, to the Solicitation and Information Agent for the registration and issuance of its New Shares and, in the case of a Tranche A Lender, for the registration of its interest in the New Senior Secured Term Facility, in each case submitted in accordance with the 2019 Creditors' Meetings Order;

"**Released Claims**" has the meaning set forth in *Releases*.

"**Released Party**" has the meaning set forth in *Releases*.

"**Remaining Municipal Tax Claims**" has the meaning set forth in *Municipal Tax Fund*.

"**Required Majorities**" has the meaning set forth in *Voting and Classes*.

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

"**Resolutions**" means the resolutions to approve the 2019 CCAA Plan in the form set forth in Exhibit "A" to this Circular.

"**Restructuring Period Claim**" means any right or claim of any Person against the Company in connection with any indebtedness, liability or obligation of any kind whatsoever resulting from the restructuring, disclaimer, resiliation, termination or breach by the Company on or after the Filing Date of any contract, lease, or other agreement or obligation, whether written or oral and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Claims Procedure Order.

"**Restructuring Transactions**" has the meaning set forth in *Restructuring Transactions*.

"**Retention Plan Claims Reserve**" means the amount from the Plan Implementation Fund equal to any and all Alleged Retention Plan Claims to be held in escrow by the Monitor.

"**SAFE**" means the State Administration of Foreign Exchange of the People's Republic of China or the applicable local counterpart of it.

"**SAFE Registration**" means the SAFE registration and confirmation notified to East River by the bank where East River's funds will be wired from in accordance with the applicable SAFE regulations in order to permit East River to purchase Canadian dollars and wire funds to the Monitor's or Company's account in Canada, as applicable, to complete the East River Plan Transaction and the East River Purchase Transaction, as applicable.

"**SAGD**" means steam-assisted gravity drainage.

"**Scrutineers**" has the meaning set forth in *Procedures for 2019 Creditors' Meetings*.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Second Forbearance Agreement**" means the agreement among the Company and Credit Suisse AG, Cayman Islands Branch, as administrative agent, and certain lenders constituting the "Required Lenders" dated April 30, 2016.

"**Second Lien Claim**" means the aggregate amount of $71,315,486.04 owing by the Company under the Second Lien Indenture, inclusive of accrued interest thereon up to October 31, 2018.

"**Second Lien Deficiency Claim**" means the entire amount of the Second Lien Claim which shall be deemed to be an unsecured deficiency claim and constitute a General Creditor Claim for the purpose of the 2019 CCAA Plan.

"**Second Lien Indenture**" means the indenture dated as of May 8, 2015 in respect of the Second Lien Notes among the Company, as issuer, and the Second Lien Trustee.

"**Second Lien Noteholder**" means a holder of the Second Lien Notes.

"**Second Lien Notes**" means the 12% convertible second lien notes due August 31, 2018 issued pursuant to the Second Lien Indenture.

"**Second Lien Notes Record Date**" means May 16, 2019.

"**Second Lien Trustee**" means Computershare Trust Company, N.A., in its capacity as trustee under the Second Lien Indenture.

"**Second SISP**" means the Sale and Solicitation Process approved pursuant to the Support Agreement & SISP Approval Order.

"**Second Supplemental KERP**" means the second supplemental key employee retention plan approved pursuant to the Second Supplemental KERP & LTIP 2017 Order.

"**Second Preferred Shares**" has the meaning set forth in *Restructuring Transactions*.

"**Secured Claim**" means any rights or claims, or a portion thereof, that rank *pari passu* with, or senior in priority to, the First Lien Indebtedness, including the following:

a) any claims and amounts secured by any of the CCAA Charges;

b) amounts deemed to be held in trust pursuant to:

   a. subsection 227(4) or (4.1) of the *Income Tax Act* (Canada) (the "***Income Tax Act***");

   b. subsection 23(3) or (4) of the *Canada Pension Plan* (Canada) (the "***Canada Pension Plan***");

   c. subsection 86(2) or (2.1) of the *Employment Insurance Act* (Canada) (the "***Employment Insurance Act***"); or

   d. any provincial law that creates a deemed trust the sole purpose of which is to ensure remittance of amounts deducted or withheld under such provincial law if:

      i. that provincial law imposes a tax similar in nature to the tax imposed under the *Income Tax Act* and the amounts deducted or withheld under that law are of the same nature as the amounts referred to in subsection 227(4) or (4.1) of the *Income Tax Act*; or

ii. the province is a “province providing a comprehensive pension plan”, as such phrase is defined in subsection 3(1) of the *Canada Pension Plan*, the law establishes a “provincial pension plan” as defined in that subsection and the amounts deducted or withheld under that law are of the same nature as amounts referred to in subsection 23(3) or (4) of the *Canada Pension Plan*;

c) any rights or claims that result from the operation of:

a. subsections 224(1.2) and (1.3) of the *Income Tax Act*;

b. any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or

c. any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:

i. has been withheld or deducted by a Person from a payment to another Person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or

ii. is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

d) any unpaid goods and service taxes or other applicable sales taxes required to be remitted by the Company in connection with the sale of goods and services by the Company, but only where such sales taxes are accrued or collected after the Filing Date, or where such sales taxes were accrued or collected prior to the Filing Date but not required to be remitted until on or after the Filing Date;

e) all municipal realty, municipal business or other taxes, assessments or levies of any kind or nature attributable to or in respect of the carrying on of the business of the Company accrued and unpaid by the Company which are required at law to be paid in priority to claims of secured creditors; and

f) any accrued and unpaid amounts in respect of claims of employees for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* (Canada) if the Company became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after the Filing Date, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the business of the Company during the same period.

“**Seismic Data Sale Order**” means the Approval and Vesting Order (Seismic Data Sale) granted by the Court in the CCAA Proceeding dated August 18, 2017.

“**Service List**” means the list of counsel and other interested parties who have requested service of materials filed with the Court in the CCAA Proceeding, as posted by the Monitor on the Website.

“**Shareholders Agreement**” means the shareholders agreement to be made between and among the holders of the New Shares on the Effective Date, which shall be in form and substance acceptable to the Consenting First Lien Lenders and shall be a “Unanimous Shareholders Agreement” within the meaning of the CBCA.

“**Solicitation and Information Agent**” means Kingsdale Advisors.

“**Special Committee**” has the meaning set forth in *Circumstances Prior to Filing Under CCAA.*

“**Successful Bidder**” means the person(s) who has settled a definitive agreement with the Company in the Second SISP.

“**Superior Transaction**” has the meaning set forth in *Superior Transaction*.

“**Supplemental Claims Bar Date**” means 1:00 p.m. (Calgary time) on September 19, 2018.

“**Supplemental Claims Procedure Order**” means the Order granted by the Court in the CCAA Proceedings dated August 22, 2018 that, among other things, provides for the filing and determination of Secured Claims, certain Post-Filing Claims as of September 1, 2018, Post-Filing D&O Claims and Non-Continuing Employee Claims, as such Order may be amended, restated or varied from time to time by subsequent Order.

“**Supplemental KERP**” means the supplemental key employee retention plan approved pursuant to the Supplemental KERP Order.

“**Supplemental KERP Order**” means the Order (Stay Extension and Supplemental KERP) granted by the Court in the CCAA Proceeding dated November 14, 2016.

“**Support Agreement & SISP Approval Order**” means the Order (Support Agreement, SISP & KEIP) granted by the Court in the CCAA Proceeding dated March 28, 2018.

“**Support Agreement Amending Agreement**” means the Support Agreement Amending Agreement dated March 4, 2019 among the Company, the First Lien Agent, and the Consenting First Lien Lenders.

“**Tax**” or “**Taxes**” means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto.

“**Tax Act**” has the meaning set forth in *Certain Canadian Federal Income Tax Considerations*.

“**Tax Code**” has the meaning set forth in *Certain U.S. Federal Income Tax Consequences of the 2019 CCAA Plan*.

“**Tax Proposals**” has the meaning set forth in *Certain Canadian Federal Income Tax Considerations*.

“**Taxable Capital Gain**” has the meaning set forth in *Taxation of Capital Gains and Capital Losses*.

"**Taxing Authority**" means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada or municipality therein and any political subdivision thereof, and any Canadian or foreign governmental authority exercising taxing powers in administering and/or collecting Taxes.

"**Term Note**" has the meaning set forth in *Description of the Credit Bid Term Sheet*.

"**TIN**" has the meaning set forth in *Information Reporting and Back-Up Withholding*.

"**Total Interim Financing Commitments**" has the meaning set forth in *Filing for CCAA Protection and Subsequent Events*.

"**Tranche A Lender**" means a First Lien Lender holding Tranche A Loans.

"**Tranche A Loans**" has the meaning set forth in the First Lien Credit Agreement.

"**Tranche B Lender**" means a First Lien Lender holding Tranche B Loans.

"**Tranche B Loans**" has the meaning set forth in the First Lien Credit Agreement.

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

"**TSX-V**" means the TSX Venture Exchange.

"**U.S. GAAP**" has the meaning set forth in *Notice to Holders of Affected Claims in the United States*.

"**U.S. Holder**" has the meaning set forth in *Certain U.S. Federal Income Tax Consequences of the 2019 CCAA Plan*.

"**U.S. Treaty**" means the Canada-United States Tax Convention (1980), as amended.

"**Unaffected Claim**" means:

a) Post-Filing Claims, provided that any Post-Filing Claims that were required to be preserved pursuant to the Supplemental Claims Procedure Order have been preserved;

b) Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order against Directors that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA;

c) Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order that cannot be compromised due to the provisions of Section 19(2) of the CCAA, except any Claims to which Section 10.11 of the 2019 CCAA Plan applies which shall be Affected Claims for the purposes of the 2019 CCAA Plan;

d) an Insured Claim provided that the Person holding the Insured Claim delivers to the Monitor by no later than 5:00 pm (Calgary time) on a date that is two (2) Business Days before the date of the 2019 Creditors' Meetings a completed and duly signed Insured Claim Option Notice in which the Person elects to pursue an Insured Claim for its Claim and waives any right to recover such Insured Claim from the Company or under the 2019 CCAA Plan;

e) any indebtedness, liability or obligation of the Company of any kind to BEH under or pursuant to the BEH Royalty Agreement;

f) except as expressly provided in Section 3.8(d) of the 2019 CCAA Plan, any indebtedness, liability or obligation of the Company of any kind to ATB under or pursuant to the ATB Credit Facilities; and

g) any obligation of the Company under the Credit Bid KERP which is not yet due and owing, or has not been satisfied in full, as of the Effective Date.

“**Unaffected Creditor**” means a holder of an Unaffected Claim.

“**Unissued New Shares**” has the meaning set forth in Section 7.1(c) of the 2019 CCAA Plan.

“**Voting Claim**” means the amount of an Affected Claim for which a Proof of Claim is filed, which, as at the 2019 Creditors’ Meetings Record Date, (i) is an Accepted Claim or (ii) has been accepted by the Company or deemed to be accepted solely for voting purposes pursuant to the Claims Procedure Order, the Supplemental Claims Procedure Order, the 2019 Creditors’ Meetings Order or any other Order.

“**Voting Information and Election Form**” means the Voting Information and Election Form for Beneficial Noteholders attached as Schedule “H” to the 2019 Creditors’ Meetings Order.

“**Voting Instructions**” means the voting instructions and Distribution Election Notices submitted by Beneficial Noteholders entitled to vote at the 2019 Creditors’ Meeting of General Creditors.

“**Website**” means the website of the Monitor, www.ey.com/ca/connacheroilandgas, upon which the various materials arising in connection with the CCAA Proceeding are posted from time to time.

“**Wood Buffalo Settlement Agreement**” means the Settlement Agreement dated September 24, 2018 between the Company and the Municipality, as approved by the Court pursuant to the Wood Buffalo Settlement Approval Order.

“**Wood Buffalo Settlement Approval Order**” means the Order granted in the CCAA Proceeding dated October 4, 2018 approving the Wood Buffalo Settlement Agreement.

The rules of interpretation set out in Sections 1.2 through 1.5 of the 2019 CCAA Plan apply to this Circular.

In this Circular, references to US$ are to United States dollars, and references to $ are to Canadian dollars

EXHIBIT “A”
2019 CCAA PLAN RESOLUTIONS

FIRST LIEN LENDERS' RESOLUTION

BE IT RESOLVED THAT:

1. The Plan of Compromise and Arrangement of Connacher Oil and Gas Limited (the "**Company**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated May 6, 2019 (the "**2019 CCAA Plan**"), which 2019 CCAA Plan has been presented to this meeting (as such 2019 CCAA Plan may be amended, restated, supplemented and/or modified as provided for in the 2019 CCAA Plan), be and it is hereby accepted, approved, agreed to and authorized; and

2. any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the 2019 CCAA Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

GENERAL CREDITORS' RESOLUTION

BE IT RESOLVED THAT:

1. The Plan of Compromise and Arrangement of Connacher Oil and Gas Limited (the "**Company**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated May 6, 2019 (the "**2019 CCAA Plan**"), which 2019 CCAA Plan has been presented to this meeting (as such 2019 CCAA Plan may be amended, restated, supplemented and/or modified as provided for in the 2019 CCAA Plan), be and it is hereby accepted, approved, agreed to and authorized; and

2. any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the 2019 CCAA Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

EXHIBIT “B”
PLAN OF COMPRISE AND ARRANGEMENT

COURT FILE NUMBER	1601-06131
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED** **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED**
DOCUMENT	**PLAN OF COMPROMISE AND ARRANGEMENT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**CASSELS BROCK & BLACKWELL LLP** Bankers Hall West 888-3rd Street SW Suite 3810 Calgary, Alberta T2P 5C5 Attn: Ryan Jacobs/Joseph Bellissimo/Natalie Levine Tel: 403-351-2920 Fax: 403-648-1151 rjacobs@casselsbrock.com jbellissimo@casselsbrock.com nlevine@casselsbrock.com

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PLAN OF COMPROMISE AND ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED

Pursuant to the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act*

Dated May 6, 2019

RECITALS

A. The Company is a corporation incorporated under the CBCA and is insolvent.

B. The Company commenced a proceeding under the CCAA and obtained the Initial Order from the CCAA Court on May 17, 2016 which, among other things, appointed the Monitor of the Company, stayed proceedings against the Company and permitted the filing, upon further Order of the CCAA Court, of a plan of compromise or arrangement under the CCAA.

C. The Company, the Consenting First Lien Lenders and the First Lien Agent entered into the Support Agreement pursuant to which the Consenting First Lien Lenders agreed to the Recapitalization and agreed to support this Plan.

D. This Plan will facilitate the continuation of the business of the Company as a going concern and makes provision for recoveries to certain stakeholders.

NOW THEREFORE the Company hereby proposes and presents this Plan under and pursuant to the CCAA and the CBCA:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated, the capitalized terms and phrases set out below shall have the following meanings:

"**Accepted Claim**" means the Affected Claim of a Creditor, as finally determined in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order, any other Order and/or this Plan and, for greater certainty (a) the Accepted Claim of each First Lien Lender shall be its Pro Rata Share of the First Lien Claim and (b) the Accepted Claim of each Second Lien Noteholder shall be its Pro Rata Share of the Second Lien Claim;

"**Administration Charge**" means the Administration Charge granted under the Initial Order;

"**Administration Expenses**" has the meaning given to it in Section 3.4 of this Plan;

"**Administrative Reserve Fund**" has the meaning given to it in Section 3.4 of this Plan;

"**AER**" means the Alberta Energy Regulator;

"**Affected Claim**" means a Claim, other than an Unaffected Claim;

"**Affected Creditor**" means a holder of an Affected Claim;

"**Akin Gump**" means Akin Gump Strauss Hauer & Feld LLP;

"**Alleged Directors' Charge Claim**" has the meaning given to it in Section 3.8(b) of this Plan;

"**Alleged Priority Secured Claim**" has the meaning given to it in Section 3.5(b) of this Plan;

"**Alleged Retention Plan Claim**" has the meaning given to it in Section 3.8(c) of this Plan;

"**Applicable Law**" means, at any time, in respect of any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Authorized Authority;

"**ATB**" means ATB Financial;

"**ATB Charge**" means the charge granted in favour of ATB in the ATB Credit Facilities Order;

"**ATB Credit Facilities**" means those certain credit facilities provided to the Company by ATB as approved in the ATB Credit Facilities Order;

"**ATB Credit Facilities Order**" means the Order (Approval of ATB Credit Facilities) granted by the CCAA Court in the CCAA Proceeding dated November 10, 2017;

"**Authorized Authority**" means, in relation to any Person, property, transaction, event or other matter, as applicable, any:

(a) federal, provincial, territorial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign;

(b) agency, authority, commission, instrumentality, regulatory body, court, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any Taxing Authority;

(c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; or

(d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange,

in each case having jurisdiction over such Person, property, transaction, event or other matter;

"**Authorization Order**" means an Order to be sought by the Company from the CCAA Court on or about May 16, 2019 that, among other things, approves the Support Agreement, approves the Credit Bid KERP and seals certain portions of the Support Agreement;

"**BEH**" means Burgess Energy Holdings L.L.C.;

"**BEH Royalty Agreement**" means that certain royalty agreement between the Company and BEH dated January 29, 2018, approved pursuant to the BEH Royalty Approval Order;

"**BEH Royalty Approval Order**" means the Order granted in the CCAA Proceeding dated January 29, 2018 approving the BEH Royalty Agreement;

"**Beneficial First Lien Lender**" means a beneficial holder of a portion of the First Lien Claim;

"**Beneficial Noteholder**" means (i) a registered holder of Second Lien Notes, if such registered holder holds Second Lien Notes as principal and for its own account; or (ii) a holder who is not a registered holder but is a beneficial or entitlement holder of Second Lien Notes who holds such Second Lien Notes in one or more securities account(s) with a depository participant or other securities intermediary, including for greater certainty, such depository participant or other securities intermediary only if and to the extent such depository participant or other securities intermediary holds Second Lien Notes as principal and for its own account;

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"**Business Day**" means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Calgary, Alberta, Canada;

"**Cash on Hand**" means all cash and cash equivalents (including marketable securities and short-term investments), including any funds being held by the Company as Shut Down Restricted Cash pursuant to the Initial Order, but, for greater certainty, shall exclude any funds held by ATB as security for obligations under the ATB Credit Facilities and any funds held on deposit or in escrow in respect of insurance policies in favour of the Directors or Officers which shall be applied on the Effective Date as set out in Schedule "A" to this Plan;

"**Cassels**" means Cassels Brock & Blackwell LLP;

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

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Charges**" means the Administration Charge, the Directors' Charge, the KERP/LTIP Charge, the ATB Charge, the Financial Advisor Charge, and the KEIP Charge, each as may be amended by Order of the CCAA Court;

"**CCAA Court**" means the Court of Queen's Bench of Alberta;

"**CCAA Proceeding**" means the proceedings commenced by the Company under the CCAA on May 17, 2016 in the CCAA Court bearing Court File No. 1601-06131;

"**Claim**" means any of the following:

(a) a First Lien Claim, including a First Lien Deficiency Claim;

(b) a Second Lien Claim, including a Second Lien Deficiency Claim;

(c) a Pre-Filing Claim;

(d) a Restructuring Period Claim;

(e) a D&O Claim;

(f) a D&O Restructuring Period Claim;

(g) a D&O Indemnity Claim;

(h) a Post-Filing D&O Claim;

(i) a Secured Claim;

(j) a Priority Secured Claim;

(k) an Equity Claim;

(l) a Post-Filing Claim;

(m) a Convenience Class Claim;

(n) a Crown Priority Claim;

(o) an Employee Priority Claim;

(p) a Municipal Tax Claim; and

(q) an Outstanding Municipal Tax Claim.

"**Claims Procedure Order**" means the Claims Procedure Order granted by the CCAA Court in the CCAA Proceeding dated August 24, 2016, as such Order may be amended, restated or varied from time to time by subsequent Order(s);

"**Class**" means any one of the classes of Creditors set out in Section 3.2 hereof for the purpose of considering and voting upon this Plan and receiving distributions hereunder**;**

"**Collateral Trust Agreement**" means the collateral trust and intercreditor agreement dated December 3, 2007 initially among, *inter alios*, the Company, the guarantors party thereto, The Bank of New York Mellon (formerly known as The Bank of New York), the Collateral Trustee and Royal Bank of Canada, as amended, restated, supplemented or replaced from time to time;

"**Collateral Trustee**" means Computershare Trust Company of Canada, as collateral trustee for (i) the First Lien Agent and the First Lien Lenders under the First Lien Credit Agreement and (ii) the Second Lien Trustee and the purchasers under the Second Lien Indenture pursuant to the Collateral Trust Agreement;

"**Company**" means Connacher Oil and Gas Limited;

"**Consenting First Lien Advisors**" means Bennett Jones LLP, PricewaterhouseCoopers LLP and such other advisors as may be retained by the Consenting First Lien Lenders;

"**Consenting First Lien Lenders**" means those certain First Lien Lenders that are party to the Support Agreement;

"**Continuing Contract**" means a contract, arrangement or other agreement (oral or written) for which a notice of disclaimer pursuant to Section 32 of the CCAA has not been sent by the Company on or prior to the Disclaimer Deadline;

"**Convenience Class Claim**" means (a) any Accepted Claim of a General Creditor in an amount that is less than or equal to $2,000, and (b) any Accepted Claim of a General Creditor in an amount greater than $2,000 if the relevant Creditor has made a valid Distribution Election for purposes of this Plan in accordance with the Creditors' Meetings Order and this Plan;

"**Convenience Class Creditor**" means a General Creditor with a Convenience Class Claim, provided that in order to be a Convenience Class Creditor in respect of a Second

Lien Deficiency Claim a Beneficial Noteholder must deliver a Voting Information and Election Form in accordance with the Creditors' Meetings Order;

"**Credit Bid KERP**" means the credit bid key employee retention plan substantially in the form attached at Schedule "H" to the Support Agreement, as approved pursuant to the Authorization Order;

"**Creditor**" means any holder of a Claim and includes a transferee of a Claim that is recognized as a Creditor by the Monitor in accordance with this Plan, the Claims Procedure Order, the Supplemental Claims Procedure Order or any other Order, as applicable, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such holder;

"**Creditors' Meetings**" means the meetings of each Class of Creditors called for the purposes of considering and voting in respect of this Plan, as set out in and held pursuant to the Creditors' Meetings Order, and includes any postponements or adjournments thereof;

"**Creditors' Meetings Order**" means an Order to be sought by the Company from the CCAA Court on or about May 16, 2019 that, among other things, accepts the filing of the Plan, and orders and declares the procedures to be followed in connection with the Creditors' Meetings, as such Order may be amended, restated or varied from time to time by subsequent Order;

"**Creditors' Meetings Record Date**" means, subject to the Creditors' Meetings Order, 1:00 p.m. (Calgary time) on the date that is two (2) Business Days prior to the Creditors' Meetings;

"**Crown**" means Her Majesty in right of Canada or any province or territory of Canada;

"**Crown Priority Claims**" means all unpaid amounts, if any, provided for in Section 6(3) of the CCAA;

"**D&O Claim**" has the meaning given to it in the Claims Procedure Order;

"**D&O Indemnity Claim**" means any existing or future right of any Director or Officer against the Company which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Company;

"**D&O Restructuring Period Claim**" has the meaning given to it in the Claims Procedure Order;

"**Director**" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or *de facto* director of the Company;

"**Directors' Charge**" means the Directors' Charge granted under the Initial Order in favour of the Directors and Officers;

"**Directors' Charge Claims Reserve**" has the meaning given to it in Section 3.8(b) of this Plan;

"**Disallowed Claim**" means a Claim (or any portion thereof) which has been finally disallowed in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order or any other Order;

"**Disclaimer Deadline**" means 5:00 p.m. (Calgary time) on the day which is 35 days prior to the Creditors' Meeting for the General Creditor Class or if such day is not a Business Day then the immediately preceding Business Day;

"**Disputed Claim**" means that portion of a Claim in respect of which a Creditor has delivered a Notice of Dispute pursuant to the Claims Procedure Order or the Supplemental Claims Procedure Order which has not been allowed or accepted for voting and/or distribution purposes or which has not been barred or finally disallowed pursuant to the Claims Procedure Order or the Supplemental Claims Procedure Order. For greater certainty, once a Disputed Claim is finally determined, it shall become an Accepted Claim or Disallowed Claim;

"**Distribution Date**" means the date or dates from time to time on or after the Effective Date, set by the Monitor in its discretion, to effect interim and final distributions in respect of Accepted Claims;

"**Distribution Election**" means an election:

(a) made by a General Creditor with an Accepted Claim greater than $2,000 by delivery of a duly completed and executed Distribution Election Notice to the Monitor by no later than the Distribution Election Deadline electing to receive the Distribution Election Amount in full satisfaction of its Accepted Claim; and

(b) deemed to have been made by each General Creditor with an Accepted Claim equal to or less than $2,000, provided that in the case of a Beneficial Noteholder in respect of a Second Lien Deficiency Claim such Beneficial Noteholder shall have delivered a Voting Information and Election Form in accordance with the Creditors' Meetings Order;

"**Distribution Election Amount**" means, in respect of any Accepted Claim of a General Creditor for which a valid Distribution Election has been made or has been deemed to have been made in accordance with this Plan, the lesser of (a) a cash amount equal to $2,000 and (b) the amount of such Accepted Claim;

"**Distribution Election Deadline**" has the meaning given to such term in the Creditors' Meetings Order;

“**Distribution Election Notice**” means a notice substantially in the form attached to the Creditors’ Meetings Order or, in the case of a Beneficial Noteholder, a Voting Information and Election Form;

“**Effective Date**” means the day on which the Monitor delivers the Monitor’s Certificate to the Company and counsel to the Consenting First Lien Lenders pursuant to Section 8.3 of this Plan;

“**Effective Time**” means 12:01 a.m. (Calgary time) on the Effective Date or such other time as may be agreed to in writing by the Company and the Consenting First Lien Lenders;

“**Employee Priority Claim**” means all unpaid amounts, if any, provided for in Section 6(5)(a) of the CCAA;

“**Equity Claim**” has the meaning given to it in Section 2(1) of the CCAA;

“**Executive Employment Agreements**” means the key management employment agreements to be in place on the Effective Date in accordance with the Plan Term Sheet;

“**Existing Shareholders**” means the holders of the Existing Shares immediately prior to the Effective Time;

“**Existing Shares**” means the common shares, preferred shares, warrants and stock options in the capital of the Company;

“**Filing Date**” means May 17, 2016;

“**Financial Advisor**” means Houlihan Lokey Capital, Inc., financial advisor to the Company;

“**Financial Advisor Approval Order**” means the Order (Engagement of Financial Advisor) granted by the CCAA Court in the CCAA Proceeding dated February 28, 2018;

“**Financial Advisor Charge**” means the charge granted under the Financial Advisor Approval Order in favour of the Financial Advisor;

“**First Lien Agent**” means Wilmington Trust, National Association, in its capacity as administrative agent for the lenders under the First Lien Credit Agreement;

“**First Lien Claim**” means the amount of $292,217,713.47 owing by the Company under the First Lien Credit Agreement, inclusive of accrued interest thereon up to October 31, 2018;

“**First Lien Credit Agreement**” means that certain Credit Agreement dated as of May 23, 2014 among the Company, Wilmington Trust, National Association, in its capacity as successor administrative agent, and the lenders party thereto (as such agreement has been and may be amended, modified and supplemented from time to time, including by the Amendment No. 1 dated May 8, 2015);

"**First Lien Deficiency Claim**" means the amount of $117,000,000, which shall be deemed to be an unsecured deficiency Claim and constitute a General Creditor Claim for purposes of this Plan;

"**First Lien Lender Class**" means the Class comprised of the First Lien Lenders;

"**First Lien Lenders**" means any lender from time to time party to the First Lien Credit Agreement;

"**First Lien Record Date**" has the meaning given to it in the Creditors' Meeting Order;

"**General Creditor**" means the holder of a General Creditor Claim;

"**General Creditor Claim**" means all Affected Claims, other than First Lien Claims (except to the extent of a First Lien Deficiency Claim, which is a General Creditor Claim), Priority Secured Claims, Employee Priority Claims, Crown Priority Claims and Equity Claims;

"**General Creditor Class**" means the Class comprised of General Creditors;

"**General Creditor Pool**" means the amount of $500,000 plus the amount necessary to satisfy all Convenience Class Claims in accordance with Section 5.5 of this Plan;

"**Initial Distribution Date**" means a date not more than two (2) Business Days after the Effective Date or such other date specified in the Sanction Order;

"**Initial Distribution Record Date**" means the date that is five (5) Business Days prior to the Initial Distribution Date;

"**Initial Order**" means the Order granted by the CCAA Court in the CCAA Proceeding on May 17, 2016, as such Order may be amended, restated, varied or extended from time to time by subsequent Orders;

"**Insured Claim**" means that portion of a Claim arising from a cause of action for which the Company is insured under a policy or policies of insurance existing as of the Filing Date to the extent that such Claim, or portion thereof, is insured under such policies, limited to the amount of any insurance proceeds actually received in respect of such Claim;

"**Insured Claim Option Notice**" means a notice substantially in the form attached to the Creditors' Meetings Order, which will be final and irrevocable once delivered to the Monitor;

"**ITA**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5^{th} Supp.), as amended;

"**KEIP**" means the key employee incentive plan approved pursuant to the Support Agreement & SISP Approval Order;

"**KEIP Charge**" means the charge granted under the Support Agreement & SISP Approval Order in favour of the beneficiaries of the KEIP and, pursuant to the Authorization Order, in favour of the beneficiaries of the Credit Bid KERP;

"**KERP**" means the key employee retention plan(s) approved pursuant to the Initial Order, the Supplemental KERP Order, the Second Supplemental KERP & LTIP 2017 Order and the Authorization Order;

"**KERP/LTIP Charge**" has the meaning given to it in the Initial Order, as amended by the Supplemental KERP Order and the Second Supplemental KERP & LTIP 2017 Order;

"**Lien**" means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;

"**LTIP**" means the Company's existing long term cash incentive plan, as amended and as approved in the Initial Order;

"**LTIP 2017**" means the Company's long term incentive plan payment as approved in the Second Supplemental KERP & LTIP 2017 Order;

"**Majority Consenting First Lien Lenders**" has the meaning given to it in the Support Agreement;

"**MIP**" means the management incentive plan to be in place on the Effective Date in accordance with the Plan Term Sheet;

"**Monitor**" means Ernst & Young Inc., solely in its capacity as Court-appointed monitor of the Company in the CCAA Proceeding, and not in its corporate or personal capacity;

"**Monitor's Certificate**" has the meaning given to it in Section 8.3 of this Plan;

"**Municipal Tax Claims**" means all amounts owing by the Company to the Municipality with respect to or on account of taxes of any kind whatsoever, including but not limited to property tax, equipment and machinery tax, linear property tax, education tax, and any interest, fees or penalties;

"**Municipal Tax Fund**" has the meaning given to it in Section 3.5(c) of this Plan;

"**Municipality**" means the Regional Municipality of Wood Buffalo;

"**New Board**" means the board of directors of the Company to be appointed and constituted on the Effective Date in accordance with this Plan and the Restructuring

Transactions, which shall be comprised of individuals selected in accordance with the Plan Term Sheet;

"**New Senior Secured Term Facility**" means the new senior secured term facility on the terms set out in the Plan Term Sheet to be entered into by the Company on the Effective Date in accordance with this Plan and the Restructuring Transactions;

"**New Senior Secured Term Facility Agent**" means Wilmington Trust, National Association, or such other agent acceptable to the Consenting First Lien Lenders, in its capacity as administrative agent for the lenders under the New Senior Secured Term Facility Agreement;

"**New Senior Secured Term Facility Agreement**" has the meaning given to it in Section 8.2(i) of this Plan;

"**New Shareholder Information**" means such information and documentation as the Company may require from recipients of the New Shares in order to comply with any anti-money laundering, know your client, proceeds of crime and other Applicable Laws applicable to the Company, which shall be communicated to the First Lien Lenders by the Company in accordance with the Creditors' Meeting Order;

"**New Shares**" means voting common shares of a newly created class of shares of the Company, to be designated as "Class A Common Shares", in such aggregate number as shall be determined by the Majority Consenting First Lien Lenders, which shall be issued by the Company to the First Lien Lenders, or their designates, in accordance with this Plan and, immediately following the issuance thereof, shall constitute all of the issued and outstanding shares of the Company;

"**Notice of Dispute**" has the meaning given to it in the Claims Procedure Order or the Supplemental Claims Procedure Order;

"**Officer**" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of the Company;

"**Order**" means any final order of the CCAA Court in the CCAA Proceeding;

"**Outside Date**" has the meaning given to it in the Support Agreement;

"**Outstanding Municipal Tax Claims**" means (i) one third (1/3) of the amount of the Municipal Tax Claims for the calendar year 2018, being the portion of the Municipal Tax Claims for the 2018 calendar year attributable to the period from and after 12:01 a.m. on September 1, 2018 and (ii) the Municipal Tax Claims owing or to be owing for the calendar year 2019;

"**Person**" shall be broadly interpreted and includes an individual, partnership, firm, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, entity, corporation, unincorporated association or organization, syndicate, committee, court appointed representative, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual, and for greater certainty includes any Authorized Authority;

"**Plan**" means this Plan of Compromise and Arrangement (including the Recapitalization and the Restructuring Transactions) dated May 6, 2019, as it may be further amended, restated, supplemented or replaced in accordance with the terms hereof and the Support Agreement;

"**Plan Implementation Fund**" means an amount equal to the aggregate amount of funds to be delivered by the Company to the Monitor pursuant to Section 4.1 of this Plan, to be held and distributed by the Monitor in accordance with this Plan;

"**Plan Term Sheet**" means the Plan Term Sheet attached as Schedule "B" to the Support Agreement, as it may be amended, restated, supplemented or replaced in accordance with the terms of the Support Agreement;

"**Post-Filing Claims**" means any indebtedness, liability or obligation of the Company of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Effective Date in respect of services rendered or supplies provided to the Company during such period or under or in accordance with any Continuing Contract, provided that such amounts are not a Pre-Filing Claim, a Restructuring Period Claim, a D&O Restructuring Period Claim, a D&O Claim, a Post-Filing D&O Claim, an Alleged Directors' Charge Claim, a Secured Claim, a Priority Secured Claim, an Alleged Retention Plan Claim, an Alleged Priority Secured Claim, a Crown Priority Claim, a Municipal Tax Claim, an Outstanding Municipal Tax Claim, or an Employee Priority Claim;

"**Post-Filing D&O Claim**" has the meaning given to it in the Supplemental Claims Procedure Order;

"**Pre-Filing Claims**" means any right or claim of any Person that may be asserted or made in whole or in part against the Company, 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, arrangement or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, regulatory, equitable or fiduciary duty or obligation) 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, perfected, unperfected, 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, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be a debt provable in bankruptcy within the meaning of the BIA had the Company become bankrupt on the Filing Date;

"**Priority Secured Claim**" means any Secured Claims (other than Employee Priority Claims, Crown Priority Claims or Claims secured by the CCAA Charges), which are Accepted Claims and are determined to be in priority to the Liens securing the First Lien Claims in accordance with the Supplemental Claims Procedure Order, but, for greater certainty, shall exclude a Municipal Tax Claim or any Claims held by ATB or BEH against the Company;

"**Priority Secured Claims Reserve**" has the meaning given to it in Section 3.5(b) of this Plan;

"**Pro Rata Share**" means the proportionate share of a Creditor's Accepted Claim to the total of all Accepted Claims and all Disputed Claims in such Creditor's Class and in the case of:

(i) the First Lien Claim, means the proportional share of a Beneficial First Lien Lender's holdings of the First Lien Claim to the total First Lien Claim;

(ii) the First Lien Deficiency Claim, means the proportional share of the sum of (a) the amount of accrued interest (but not principal) under a Beneficial First Lien Lender's Tranche A Loans as of October 31, 2018 plus (b) the amount of principal and accrued interest under such Beneficial First Lien Lender's Tranche B Loans as of October 31, 2018 to the sum of (x) the aggregate amount of accrued interest (but not principal) under the Tranche A Loans owing to all Tranche A Lenders as of October 31, 2018 plus (y) the aggregate amount of principal and accrued interest under the Tranche B Loans owing to all Tranche B Lenders as of October 31, 2018; and

(iii) the Second Lien Deficiency Claim, means the proportional share of a Second Lien Noteholder's holdings of Second Lien Notes to the total Second Lien Claim;

"**Professional Retainers**" means any monetary retainers previously provided by the Company to Cassels, other legal counsel or advisors to the Company, the Monitor, or legal counsel to the Monitor in connection with the CCAA Proceeding;

“**Proof of Assignment**” means a notice of transfer of a Claim executed by a Creditor and the transferee, together with satisfactory evidence of such transfer as may be reasonably required by the Monitor;

“**Proof of Claim**” means a proof of claim, in substantially the form(s) attached to the Claims Procedure Order or the Supplemental Claims Procedure Order, as submitted to the Monitor by a Creditor in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order;

“**Recapitalization**” means the transactions on the terms set out in the Plan Term Sheet;

“**Released Claims**” has the meaning given to it in Section 10.4 of this Plan;

“**Released Party**” has the meaning given to it in Section 10.4 of this Plan;

“**Required Majorities**” means, with respect to each Class of Affected Creditors, the affirmative vote of a majority in number of all voting (in person or by proxy) Creditors holding Accepted Claims in such Class and representing not less than 66⅔% in value of the Accepted Claims voting (in person or by proxy) in such Class at such Creditors’ Meeting;

“**Restructuring Period Claim**” has the meaning given to it in the Claims Procedure Order;

“**Restructuring Transactions**” has the meaning given to it in Section 6.1 of this Plan;

“**Retention Plan Claims Reserve**” has the meaning given to it in Section 3.8(c) of this Plan;

“**Sanction Order**” means an Order, in form and substance acceptable to the Company, the Monitor, the Consenting First Lien Lenders and the First Lien Agent, each acting reasonably, among other things, sanctioning this Plan and giving directions regarding its implementation, which shall include the provisions set out in Section 8.1 of this Plan unless otherwise agreed to in writing by the Company, the Monitor, the Consenting First Lien Lenders and the First Lien Agent;

“**Second Lien Claim**” means the aggregate amount of $71,315,486.04 owing by the Company under the Second Lien Indenture, inclusive of accrued interest thereon up to October 31, 2018;

“**Second Lien Deficiency Claim**” means the entire amount of the Second Lien Claim which shall be deemed to be an unsecured deficiency claim and constitute a General Creditor Claim for the purpose of this Plan;

“**Second Lien Indenture**” means the indenture dated as of May 8, 2015 in respect of the Second Lien Notes among the Company, as issuer, and the Second Lien Trustee;

"**Second Lien Noteholders**" means holders of the Second Lien Notes;

"**Second Lien Notes**" means the 12% convertible second lien notes due August 31, 2018 issued pursuant to the Second Lien Indenture;

"**Second Lien Notes Record Date**" has the meaning given to it in the Creditors' Meetings Order;

"**Second Lien Trustee**" means Computershare Trust Company, N.A., in its capacity as trustee under the Second Lien Indenture;

"**Second Supplemental KERP**" means the second supplemental key employee retention plan approved pursuant to the Second Supplemental KERP & LTIP 2017 Order;

"**Second Supplemental KERP & LTIP 2017 Order**" means the Order (Stay Extension, JPL Settlement & Approval of Second Supplemental KERP and 2017 LTIP) granted by the CCAA Court in the CCAA Proceeding dated June 27, 2017;

"**Secured Claim**" has the meaning given to it in the Supplemental Claims Procedure Order;

"**Shareholders Agreement**" means the shareholders agreement to be made between and among the holders of the New Shares on the Effective Date, which shall be in form and substance acceptable to the Consenting First Lien Lenders;

"**Shut Down Restricted Cash**" has the meaning given to it in the Initial Order;

"**Supplemental Claims Procedure Order**" means the Order granted by the CCAA Court on August 22, 2018 that, among other things, provided for the filing and determination of Secured Claims, certain Post-Filing Claims and Post-Filing D&O Claims, as such Order may be amended, restated or varied from time to time by subsequent Order;

"**Supplemental KERP**" means the supplemental key employee retention plan approved pursuant to the Supplemental KERP Order;

"**Supplemental KERP Order**" means the Order (Stay Extension and Supplemental KERP) granted by the CCAA Court in the CCAA Proceeding dated November 14, 2016;

"**Support Agreement**" means that certain amended and restated support agreement dated May 6, 2019 among the Company, the Consenting First Lien Lenders and the First Lien Agent, as may be amended from time to time;

"**Support Agreement & SISP Approval Order**" means the Order (Support Agreement, SISP & KEIP) granted by the CCAA Court in the CCAA Proceeding dated March 28, 2018;

"**Tax**" or "**Taxes**" means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

"**Taxing Authorities**" means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada or municipality therein and any political subdivision thereof, and any Canadian or foreign governmental authority exercising taxing powers in administering and/or collecting Taxes;

"**Tranche A Lender**" means a First Lien Lender holding Tranche A Loans;

"**Tranche A Loans**" has the meaning given to it in the First Lien Credit Agreement;

"**Tranche B Lender**" means a First Lien Lender holding Tranche B Loans;

"**Tranche B Loans**" has the meaning given to it in the First Lien Credit Agreement;

"**Unaffected Claim**" has the meaning given to it in Section 3.3 of this Plan;

"**Unaffected Creditor**" means a holder of an Unaffected Claim;

"**Unissued New Shares**" has the meaning given to it in Section 7.1(c) of this Plan;

"**Voting Claim**" means the amount of an Affected Claim for which a Proof of Claim is filed, which, as at the Creditors' Meetings Record Date, (i) is an Accepted Claim or (ii) has been accepted by the Company or deemed to be accepted solely for voting purposes pursuant to the Claims Procedure Order, the Supplemental Claims Procedure Order, the Creditors' Meeting Order or any other Order;

"**Voting Information and Election Form**" has the meaning given to it in the Creditors' Meetings Order; and

"**Website**" means the website of the Monitor, www.ey.com/ca/connacheroilandgas, upon which the various materials arising in connection with the CCAA Proceeding are posted from time to time.

1.2 Article and Section Reference

The terms "**this Plan**", "**hereof**", "**hereunder**", "**herein**", and similar expressions refer to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa, and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

1.5 Inclusive Meaning

As used in this Plan, the words "**include**", "**includes**", "**including**" or similar words of inclusion means, in any case, those words as modified by the words "**without limitation**" and "**including without limitation**"; so that references to included matters shall be regarded as illustrative rather than exhaustive.

1.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada. For the purposes of voting or distribution, a Claim shall be denominated in Canadian Dollars and all cash distributions under this Plan shall be paid in Canadian Dollars. Any Claim in a currency other than Canadian Dollars will be deemed to have been converted to Canadian Dollars at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date, which rate for greater certainty for the conversion of United States Dollars to Canadian Dollars was US$1 = CDN $1.2885.

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time to the date of this Plan and any statute or regulation that supplements or supersedes such statute or regulation to the date of this Plan.

1.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referenced in this Plan shall be binding on and shall inure to the benefit of any heir, administrator, executor, legal personal representative, successor or assign, as the case may be, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Person, as permitted hereunder.

1.9 Governing Law

This Plan shall be governed by and construed and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. Any dispute or issue in connection with, or related to the interpretation, application or effect of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the CCAA Court.

1.10 Severability of Plan Provisions

If any provision of this Plan is or becomes illegal, invalid or unenforceable on or following the Effective Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Plan, or the legality, validity or enforceability of that provision in any other jurisdiction.

1.11 Timing Generally

Unless otherwise specified, all references to time herein, and in any document issued pursuant hereto, shall mean local time in Calgary, Alberta, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Calgary time) on such Business Day.

1.12 Time of Payments and Other Actions

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day. Wherever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

1.13 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

Schedule “A” - Restructuring Transactions

Schedule “B” - Form of Monitor’s Certificate

ARTICLE 2
PURPOSE AND EFFECT OF PLAN

2.1 Purpose

The purpose of this Plan is:

(a) to implement the Recapitalization;

(b) to complete a reorganization of the Company’s financial obligations; and

(c) to effect a compromise and arrangement of all Affected Claims,

in order to enable the business of the Company to continue as a going concern, in the expectation that a greater benefit will be derived from the continued operation of its business than would result from the forced liquidation of the Company’s assets.

2.2 Persons Affected

The Plan provides for a compromise of all Affected Claims and the implementation of the Recapitalization by means of the Restructuring Transactions. This Plan will become effective at the Effective Time and shall be binding upon and enure to the benefit of the Company and all Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with its terms.

2.3 Persons Not Affected

For greater certainty, except as expressly provided in this Plan, the Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims.

ARTICLE 3
CLASSIFICATION OF CREDITORS AND CLAIMS, ESTABLISHMENT OF RESERVES AND OTHER ACTIONS ON EFFECTIVE DATE

3.1 Claims Procedure

The procedure for determining the validity and quantum of the Affected Claims and resolving Disputed Claims for voting and distribution purposes under this Plan shall be governed by the Claims Procedure Order, the Supplemental Claims Procedure Order, the Creditors’ Meetings Order, the CCAA and this Plan.

3.2 Classification of Creditors

For the purposes of considering and voting on this Plan and receiving a distribution hereunder, the Affected Creditors are grouped into two Classes: (a) the First Lien Lender Class; and (b) the General Creditor Class.

3.3 Claims Unaffected by the Plan

This Plan does not compromise, release, discharge or otherwise affect the following (collectively, "**Unaffected Claims**"):

(a) Post-Filing Claims, provided that any Post-Filing Claims that were required to be preserved pursuant to the Supplemental Claims Procedure Order have been preserved;

(b) Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order against Directors that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA;

(c) Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order that cannot be compromised due to the provisions of Section 19(2) of the CCAA, except any Claims to which Section 10.11 of this Plan applies which shall be Affected Claims for the purposes of this Plan;

(d) an Insured Claim provided that the Person holding the Insured Claim delivers to the Monitor by no later than 5:00 pm (Calgary time) on a date that is two (2) Business Days before the date of the Creditors' Meetings a completed and duly signed Insured Claim Option Notice in which the Person elects to pursue an Insured Claim for its Claim and waives any right to recover such Insured Claim from the Company or under this Plan;

(e) any indebtedness, liability or obligation of the Company of any kind to BEH under or pursuant to the BEH Royalty Agreement;

(f) except as expressly provided in Section 3.8(d) hereof, any indebtedness, liability or obligation of the Company of any kind to ATB under or pursuant to the ATB Credit Facilities; and

(g) any obligation of the Company under the Credit Bid KERP which is not yet due and owing, or has not been satisfied in full, as of the Effective Date.

Persons with Unaffected Claims shall not be entitled to vote at any Creditors' Meeting or receive any distributions under this Plan in respect of the portion of their claim which is an Unaffected Claim. Nothing in this Plan shall affect the Company's or the Directors' rights to defences, both legal and equitable, with respect to any Unaffected Claim including any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

3.4 Establishment of the Administrative Reserve Fund

The Monitor shall hold the amount of $750,000 from the Plan Implementation Fund as an administrative reserve (the "**Administrative Reserve Fund**") in escrow until payment by the Monitor out of the Administrative Reserve Fund of reasonable fees and disbursements (plus any applicable Taxes thereon) for any services rendered by Cassels, other legal counsel and advisors to the Company, the Monitor, legal counsel to the Monitor, or other Persons from time to time retained by the Company or the Monitor and any other reasonable costs and expenses incurred by the Company or the Monitor in connection with the implementation of the Plan, the administration of the Plan Implementation Fund, the resolution of Disputed Claims (but, for greater certainty, not for any payments or distributions in respect thereof), and the wind up of the CCAA Proceeding (collectively, "**Administration Expenses**").

If, subject to the terms of this Plan, the Monitor determines that excess funds exist in the Administrative Reserve Fund after all amounts referred to in the preceding paragraph have been paid or provided for to the satisfaction of the Monitor, then the Monitor shall release and return such funds to the Company.

Any existing Professional Retainers held by Cassels, other legal counsel and advisors to the Company, the Monitor, or legal counsel to the Monitor will continue to be held by such Persons for services rendered on and after the Effective Date and shall not be affected by this Plan; provided that if, on or after the Effective Date, and subject to the terms of this Plan, the Monitor determines that no further services are required of any Person holding a Professional Retainer, the Monitor shall advise such Person in writing on five (5) days prior notice and request a final accounting and return of the remaining Professional Retainer, if any, held by such Person. Such Person shall, as soon as reasonably practicable following receipt of such a written notice, pay to the Company the amount of the Professional Retainer remaining, if any, after deducting its fees, costs and Taxes incurred up to the effective date of such notice and any outstanding invoices owing to such Person by the Company.

3.5 Priority Secured Claims

(a) On or as soon as practicable following the Effective Date, the Monitor, on behalf of the Company, shall pay in full all Priority Secured Claims from the Plan Implementation Fund.

(b) In the event that a Secured Claim that is alleged to be a Priority Secured Claim remains in dispute (with respect to either or both the quantum or its priority secured status) and such dispute is not finally resolved as of the Effective Date pursuant to the Supplemental Claims Procedure Order (an "**Alleged Priority Secured Claim**"), the Monitor shall hold an amount from the Plan Implementation Fund equal to any and all such Alleged Priority Secured Claims (the "**Priority Secured Claims Reserve**") in escrow in accordance with this Section. In the event that such an Alleged Priority Secured Claim is subsequently finally determined to be a Priority Secured Claim (in whole or in part) in accordance with the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Priority Secured Claim (with the consent of the Consenting First Lien Lenders), the Monitor shall pay the whole or the portion of the Alleged Priority Secured Claim that is determined to be a Priority Secured Claim from the Priority Secured Claims Reserve. In the event that such an Alleged Priority Secured Claim is subsequently finally determined not to be a Priority Secured Claim (in whole or in part) in accordance with the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Priority Secured Claim, in terms of either or both the quantum or its priority secured status, such portion of the Priority Secured Claims Reserve relating to such Alleged Priority Secured Claim (or the portion thereof) that is determined to not be a Priority Secured Claim shall be released and returned by the Monitor to the Company. As of the Effective Date, any security underlying any Alleged Priority Secured Claim, whether arising pursuant to agreement or statute, registered or unregistered, perfected or unperfected, shall be irrevocably, fully and finally discharged as against the Company and all of the Company's business, assets and undertaking. Upon such discharge, the Priority Secured Claims Reserve shall stand in the place and stead of the security underlying the Alleged Priority Secured Claim, with the same priority as it had just prior to the Effective Date, as if the security had not been discharged.

(c) In accordance with Section 4.1 of this Plan, at least two (2) Business Days prior to the Effective Date, the Monitor shall hold an amount from the Plan Implementation Fund equal to the Outstanding Municipal Tax Claims (the "**Municipal Tax Fund**"), representing the amounts claimed by the Municipality as an Alleged Priority Secured Claim against the Company. The Monitor shall hold the Municipal Tax Fund in a separate trust account which shall not be co-mingled with the Plan Implementation Fund. The Monitor shall be responsible for assessing the quantum, validity and enforceability of the Municipality's Alleged Priority Secured Claim. Upon the Effective Date, the Alleged Priority Secured Claim, and any security underlying such claim, shall be irrevocably, fully and finally discharged as against the Company, and all of the Company's business, assets and undertaking. Upon such discharge, the Municipal Tax Fund shall stand in the place and stead of the Municipality's security, with the same priority as it had just prior to the Effective Date, as if the security had not been discharged. The Monitor shall hold the Municipal Tax Fund and shall make no distribution of any portion of such amounts held without (i) an agreement in writing as between the Municipality, the Company, the Monitor and the Majority Consenting First Lien Lenders, or (ii) an order of the court. In the event there are excess funds in the Municipal Tax Fund after distribution is made by the Monitor as aforesaid, such excess shall be returned to the Company.

3.6 Crown Priority Claims

On or as soon as practicable following the Effective Date, the Monitor shall pay in full, on behalf of the Company, all Crown Priority Claims, if any, that were outstanding at the Filing Date or related to the period ending on the Filing Date, to the Crown, from the Plan Implementation Fund.

3.7 Employee Priority Claims

On or as soon as practicable following the Effective Date, the Monitor shall pay in full, on behalf of the Company, all Employee Priority Claims due and accrued to the Effective Date in the amount agreed to between the Company, the Monitor and the Consenting First Lien Lenders, to each holder of an Employee Priority Claim to the full amount of his, her or its respective Employee Priority Claim, from the Plan Implementation Fund.

3.8 Claims Secured by CCAA Charges

(a) Administration Charge

On the Effective Date, all outstanding obligations, liabilities, fees and disbursements secured by the Administration Charge which are evidenced by invoices as at the Effective Date shall be fully paid by the Monitor, on behalf of the Company, from the Plan Implementation Fund. The fees and disbursements of Cassels and other legal counsel to the Company, the Monitor, legal counsel to the Monitor or other Persons from time to time retained by the Company or the Monitor and any other costs and expenses incurred by the Company or the Monitor in connection with the implementation of this Plan, the resolution of Disputed Claims, and the termination of the CCAA Proceeding following the Effective Date shall continue to be secured by the assets of the Administrative Reserve Fund only, and the Administration Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all other assets of the Company and the Plan Implementation Fund.

(b) Directors' Charge

On the Effective Date, all D&O Claims, D&O Restructuring Period Claims and Post-Filing D&O Claims shall be fully, finally and irrevocably compromised, released, discharged, cancelled, extinguished and barred in accordance with Article 10 hereof and the Directors' Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Company and the Plan Implementation Fund.

In the event that any D&O Claims, D&O Restructuring Period Claims or Post-Filing D&O Claims which would be secured by the Directors' Charge remain outstanding and have not been fully paid prior to the Effective Date (an "**Alleged Directors' Charge Claim**"), the Monitor shall hold an amount from the Plan Implementation Fund equal to any and all such Alleged Directors' Charge Claims up to the aggregate amount of the Directors' Charge (the "**Directors' Charge Claims Reserve**") in escrow in accordance with this Section. In the event that such an Alleged Directors' Charge Claim is subsequently finally determined to be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Directors' Charge Claim (with the consent of the Consenting First Lien Lenders), the Monitor shall pay in full such claim from the Directors' Charge Claims Reserve. In the event that such an Alleged Directors' Charge Claim is determined not to be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Directors' Charge Claim, such portion of the Directors' Charge Claims Reserve shall be released and returned by the Monitor to the Company as long as the amount that will thereafter exist in the Directors' Charge Claims Reserve is sufficient to satisfy all remaining Alleged Directors' Charge Claims whether or not such Alleged Directors' Charge Claims were previously accounted for in the Directors' Charge Claims Reserve.

(c) KERP/LTIP Charge, KEIP Charge and Financial Advisor Charge

On the Effective Date, any remaining outstanding obligations of the Company secured by any of the KERP/LTIP Charge, the KEIP Charge or the Financial Advisor Charge which are due and owing as of the Effective Date shall be fully paid by the Monitor on behalf of the Company, from the Plan Implementation Fund to the applicable beneficiaries of such CCAA Charges and each of the KERP/LTIP Charge, the KEIP Charge and the Financial Advisor Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Company and the Plan Implementation Fund.

In the event that the Company disputes any Person's entitlement under the LTIP, the LTIP 2017, the KERP, the Supplemental KERP, the Second Supplemental KERP, the KEIP or the Credit Bid KERP which are due and owing as of the Effective Date and which remain outstanding and have not been paid on or prior to the Effective Date (an "**Alleged Retention Plan Claim**"), the Monitor shall hold an amount from the Plan Implementation

Fund equal to any and all such Alleged Retention Plan Claims (the "**Retention Plan Claims Reserve**") in escrow in accordance with this Section. In the event that such an Alleged Retention Plan Claim is subsequently finally determined to be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Retention Plan Claim (with the consent of the Consenting First Lien Lenders), the Monitor shall pay in full such claim from the Retention Plan Claims Reserve. In the event that such an Alleged Retention Plan Claim is determined to not be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Retention Plan Claim, such portion of the Retention Plan Claims Reserve shall be released and returned by the Monitor to the Company.

(d) ATB Charge

Effective upon the Effective Date, the ATB Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Company and the Plan Implementation Fund, provided that nothing herein shall discharge or compromise any other security (other than the ATB Charge) granted by the Company to ATB pursuant to the ATB Credit Facilities which shall be unaffected by this Plan in accordance with Section 3.3(f) of this Plan.

ARTICLE 4
ESTABLISHMENT OF THE PLAN IMPLEMENTATION FUND

4.1 Plan Implementation Fund

On or prior to the Effective Date, the Company shall deliver to the Monitor from the Company's Cash on Hand the aggregate amount necessary, as determined by the Monitor and the Company, with the consent of the Majority Consenting First Lien Lenders (each acting in good faith), to fully pay or satisfy:

(a) the amount required to satisfy the CCAA Charges as of the Effective Date in accordance with Section 3.8 of this Plan;

(b) the amount, if any, required to be held in the Directors' Charge Claims Reserve in accordance with Section 3.8(b) of this Plan in respect of Alleged Directors' Charge Claims;

(c) the amount required to satisfy the payment in full of any remaining obligations secured by any of the KERP/LTIP Charge, the KEIP Charge or the Financial Advisor Charge as of the Effective Date in accordance with Section 3.8(c) of this Plan;

(d) the amount, if any, required to be held in the Retention Plan Claims Reserve in accordance with Section 3.8(c) of this Plan in respect of Alleged Retention Plan Claims;

(e) the amount required to be held in the Administrative Reserve Fund in accordance with Section 3.4 of this Plan on the Effective Date;

(f) the amount required to satisfy the payment in full of the Priority Secured Claims as of the Effective Date in accordance with Section 3.5 of this Plan;

(g) the amount, if any, required to be held in the Priority Secured Claims Reserve in accordance with Section 3.5 of this Plan in respect of Alleged Priority Secured Claims;

(h) the amount required to satisfy the payment in full of the Crown Priority Claims in accordance with Section 3.6 of this Plan;

(i) the amount required to satisfy the payment in full of the Employee Priority Claims in accordance with Section 3.7 of this Plan;

(j) the amount required to establish the General Creditor Pool; and

(k) the amount required to establish the Municipal Tax Fund.

ARTICLE 5
VOTING AND TREATMENT OF CREDITORS

5.1 Voting by the First Lien Lender Class

Beneficial First Lien Lenders as of the First Lien Record Date or their proxyholders will be entitled to vote in respect of such First Lien Lender’s Pro Rata Share of the First Lien Claim. The solicitation of such votes and the procedures for voting by Beneficial First Lien Lenders shall be conducted in accordance with the Creditors’ Meeting Order.

5.2 Treatment of the First Lien Lender Claims

(a) On the Effective Date, in accordance with this Plan and in accordance with the steps and in the sequence set forth in the Restructuring Transactions, each Beneficial First Lien Lender shall be entitled to the following:

(i) each Tranche A Lender shall receive in respect of the principal amount (but not accrued interest) of its Tranche A Loans its *pro rata* share of the obligations under the New Senior Secured Term Facility based on the outstanding principal amount of Tranche A Loans owing to such Tranche A Lender in relation to the outstanding aggregate principal amount of the Tranche A Loans owing to all Tranche A Lenders as of the Effective Date; and

(ii) each Tranche A Lender and Tranche B Lender, or their designates, shall be issued and, subject to Section 7.1, entitled to receive in respect of, in the case of a Tranche A Lender, the accrued interest on its Tranche A Loans, and, in the case of a Tranche B Lender, the principal and accrued interest of its Tranche B Loans, its *pro rata* share of the New Shares issued pursuant to this Plan, based on the outstanding accrued interest of Tranche A Loans and the outstanding principal and interest of Tranche B Loans owing to a First Lien Lender in relation to the outstanding aggregate amount of interest of Tranche A Loans and principal and interest of Tranche B Loans owing to all First Lien Lenders as of the Effective Date.

(b) On the Effective Date, each Beneficial First Lien Lender shall be deemed to become a party to and thereafter bound by the Shareholders Agreement, each in its capacity as a holder of the New Shares. The Shareholders Agreement is deemed to be a "unanimous shareholder agreement" for purposes of the CBCA, and each Beneficial First Lien Lender is deemed to have been given notice thereof.

(c) The entire amount of the First Lien Deficiency Claim shall be deemed to be an unsecured deficiency claim and shall constitute a General Creditor Claim for the purposes of this Plan.

5.3 Treatment of Second Lien Claims

The entire amount of the Second Lien Claim shall be deemed to be an unsecured deficiency claim (being the Second Lien Deficiency Claim) and shall constitute a General Creditor Claim for the purposes of this Plan.

5.4 Voting by Creditors in the General Creditor Class

Pursuant to and in accordance with the Creditors’ Meeting Order, each of the following Creditors shall be entitled to vote on this Plan at the Creditors’ Meeting for the General Creditor Class as follows:

(a) Beneficial First Lien Lenders as of the First Lien Record Date or their proxyholders will be entitled to vote in respect of such First Lien Lender’s Pro Rata Share of the First Lien Deficiency Claim. The solicitation of such votes and the procedures for voting by Beneficial First Lien Lenders shall be conducted in accordance with the Creditors’ Meeting Order;

(b) Beneficial Noteholders as of the Second Lien Notes Record Date or their proxyholders will be entitled to vote in respect of such Second Lien Noteholders’ Pro Rata Share of the Second Lien Deficiency Claim. The solicitation of such votes and the procedures for voting by Beneficial Noteholders shall be conducted in accordance with the Creditors' Meeting Order;

(c) Convenience Class Creditors shall each be deemed to vote in favour of the Plan in the amount of such Creditor's Accepted Claim;

(d) General Creditors (other than First Lien Lenders in respect of First Lien Deficiency Claims, Second Lien Noteholders in respect of Second Lien Deficiency Claims and Convenience Class Creditors) with Voting Claims shall be entitled to one (1) vote in the amount equal to such Creditor's Voting Claim.

5.5 Treatment of General Creditor Claims

(a) General Creditors with Accepted Claims (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) on the Initial Distribution Record Date equal to or less than $2,000 shall be deemed to have made a Distribution Election and to have elected to and shall receive the Distribution Election Amount in respect of their Accepted Claim in accordance with the Plan;

(b) General Creditors with Accepted Claims greater than $2,000 (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) shall receive:

(i) the Distribution Election Amount in respect of their Accepted Claim in accordance with the Plan if a Distribution Election is made prior to the Distribution Election Deadline; or

(ii) its Pro Rata Share of the General Creditor Pool (after deducting all Distribution Election Amounts payable under this Plan) if a Distribution Election is not made prior to the Distribution Election Deadline;

(c) Notwithstanding the foregoing, a Beneficial Noteholder in respect of a Second Lien Deficiency Claim shall only be deemed to have made a Distribution Election or shall only be entitled to make a Distribution Election if such Beneficial Noteholder delivers a Voting Information and Election Form in accordance with the Creditors' Meetings Order.

5.6 Voting – Transferred Claims

Any General Creditor may transfer the whole of its Claim prior to the Creditors' Meeting of the General Creditors in accordance with the Claims Procedure Order and the

Creditors' Meeting Order, as applicable, provided that the Monitor shall not be obligated to deal with the transferee of such Claim as a General Creditor in respect thereof, including allowing such transferee to vote at the Creditors' Meeting for General Creditors, unless a Proof of Assignment has been received by the Monitor prior to 5:00 p.m. (Calgary time) on the day that is at least ten (10) Business Days prior to the date of the Creditors' Meeting for General Creditors and such transfer has been acknowledged in writing by the Monitor. Thereafter such transferee shall, for all purposes in accordance with the Claims Procedure Order, Supplemental Claims Procedure Order, the Creditors' Meetings Order, the CCAA and this Plan, constitute a General Creditor and shall be bound by any notices given or steps taken in respect of such Claim in accordance with the Creditors' Meetings Order and any further Orders.

If a General Creditor transfers the whole of its Claim to more than one Person or part of such Claim to another Person after the Filing Date, such transfer shall not create a separate Voting Claim and such Claim shall continue to constitute and be dealt with for the purposes hereof as a single Voting Claim. Notwithstanding such transfer, the Monitor shall not be bound to recognize or acknowledge any such transfer and shall be entitled to give notices to and otherwise deal with such Claim only as a whole and only to and with the Person last holding such Claim in whole as the General Creditor in respect of such Claim, provided such General Creditor may, by notice in writing to the Monitor in accordance with and subject to the Creditors' Meetings Order and given prior to 5:00 p.m. (Calgary time) on the day that is at least ten (10) Business Days prior to the date of the Creditors' Meeting for General Creditors, direct the subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and in such event, such transferee of the Claim and the whole of such Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with the Creditors' Meetings Order and any further Orders.

5.7 Voting – All Classes

Except as otherwise set out in this Plan or in the Creditors' Meetings Order, each Creditor holding a Voting Claim or its designated proxyholder shall be entitled to attend the Creditors' Meeting for its Class. The Monitor shall keep a separate record of votes cast by Creditors holding Disputed Claims and shall report to the CCAA Court with respect thereto at the CCAA Court hearing seeking the Sanction Order. The votes cast in respect of any Disputed Claims shall not be counted for any purpose unless, until and only to the extent that such Disputed Claim is finally determined to be an Accepted Claim. The Company and the Monitor shall have the right to seek the assistance of the CCAA Court in valuing any Disputed Claim in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order, the Creditors' Meetings Order, the CCAA and this Plan, if required, to ascertain the result of any vote on this Plan.

5.8 Existing Shareholders and Holders of Equity Claims

Existing Shareholders and holders of Equity Claims shall not be entitled to attend or vote in respect of their Equity Claims at any Creditors' Meetings and shall not receive any distribution under this Plan on account of their Existing Shares or Equity Claims. All Equity Claims and D&O Indemnity Claims that are based on Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred on the Effective Date.

5.9 Other Non-Voting Persons

Persons with claims secured by the CCAA Charges, Alleged Directors' Charge Claims, claims or entitlements to the Administrative Reserve Fund, Alleged Retention Plan Claims, Secured Claims, Alleged Priority Secured Claims, Priority Secured Claims, Municipal Tax Claims, Municipal Tax Fund, Crown Priority Claims, Employee Priority Claims or Post-Filing Claims shall not be entitled to vote at any Creditors' Meeting in respect of the portion of their claim which is a claim secured by the CCAA Charges, an Alleged Directors' Charge Claim, a claim or entitlement to the Administrative Reserve Fund, an Alleged Retention Plan Claim, a Secured Claim, an Alleged Priority Secured Claim, a Priority Secured Claim, a Municipal Tax Claim, a Municipal Tax Fund, a Crown Priority Claim, an Employee Priority Claim or a Post-Filing Claim.

ARTICLE 6
IMPLEMENTATION OF THE RESTRUCTURING TRANSACTIONS

6.1 Restructuring Transactions

The Company, the Consenting First Lien Lenders, the Monitor and, subject to receiving written direction from the Consenting First Lien Lenders, the First Lien Agent, each as applicable, will take the steps set forth in Schedule "A" hereto (collectively, the "**Restructuring Transactions**"), which shall be consummated and become effective in the order set out therein, and will take any actions as may be necessary to effect a restructuring of the Company's business or overall organizational structure to reflect and implement the Recapitalization, the Restructuring Transactions and the provisions of this Plan.

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of the Company will occur and be effective by the Effective Time, and will be authorized and approved under this Plan and by the CCAA Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, Directors or Officers of the Company. All necessary approvals to take actions shall be deemed to have been obtained from the directors or shareholders of the Company, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this Plan shall be deemed to be effective and any such agreement shall have no force and effect.

6.2 Effectuating Documents

Any current Officer shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and take such other actions, as may be necessary or appropriate, on behalf of the Company, to effectuate and further evidence the terms and conditions of this Plan.

ARTICLE 7
PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distribution to First Lien Lender Class

(a) Delivery of the New Shares issued and distributed under this Plan will be made by delivering share certificates representing the New Shares in the name of the applicable recipient.

(b) On the Effective Date, the Company shall issue New Shares in accordance with Section 5.2 (or reserve New Shares for issuance, as applicable, in accordance with Section 7.1(c)).

(c) Notwithstanding Section 7.1(b), no Beneficial First Lien Lender shall be entitled to the rights associated with the New Shares and all such New Shares shall be reserved for issuance on the books and records of the Company until such time as it has delivered its New Shareholder Information to the Company. In the event that a Beneficial First Lien Lender fails to deliver its New Shareholder Information in accordance with this Section 7.1(c) on or before the date that is six (6) months following the Effective Date, the Company shall have no further obligation to issue or deliver, and shall have no further obligation to reserve on its books and records, any New Shares otherwise issuable to Beneficial First Lien Lenders (such shares, the "**Unissued New Shares**") that have not delivered their New Shareholder Information accordance this Section 7.1(c) and all such Beneficial First Lien Lenders shall cease to have a claim to, or interest of any kind or nature against or in, the Company or the Unissued New Shares.

(d) No fractional shares of the Company shall be allocated or issued under this Plan. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional shares of the Company issued pursuant to this Plan shall be rounded down to the nearest whole number without compensation therefor.

(e) All New Shares issued under this Plan shall be deemed to have been issued as fully paid and non-assessable shares of the Company, free and clear of any Liens except as provided in the Company's articles and in the Shareholders Agreement.

(f) The stated capital accounts for the Existing Shares and the New Shares and any adjustments thereto resulting from the transactions contemplated by this Plan shall be as determined by the New Board in accordance with the CBCA.

7.2 Distributions to the General Creditor Class

(a) General Creditors with Accepted Claims (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) shall receive distributions from the General Creditor Pool in accordance with Section 5.5 of this Plan.

(b) Distributions to be made under this Plan on account of First Lien Deficiency Claims shall be made by the Monitor to the First Lien Agent. Distributions to be made under this Plan on account of Second Lien Deficiency Claims shall be made by the Monitor to the Second Lien Trustee.

(c) Other than as specifically provided in Section 7.2(b), all distributions to be made under this Plan to a Creditor shall be made by the Monitor on behalf of the Company by cheque and will be sent, via regular mail, to such Creditor to the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in writing in accordance with Section 11.12 of this Plan.

(d) The Monitor may, but shall not be obligated to, make any distribution to the General Creditors before all Disputed Claims have been finally resolved for distribution purposes in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order or further Order.

(e) Notwithstanding anything else in this Plan, the aggregate of the distributions provided for in Section 5.5 and this Section 7.2 shall not exceed the amount of funds in the General Creditor Pool.

7.3 Disputed Claims

An Affected Creditor holding a Disputed Claim shall not be entitled to receive a distribution under the Plan in respect of any portion thereof unless and until such Disputed Claim becomes an Accepted Claim.

7.4 Interest on Affected Claims

Except in respect of First Lien Claims and Second Lien Claims, no interest or penalties shall accrue or be paid on an Affected Claim from and after or in respect of the period following the Filing Date and, except in the case of holders of First Lien Claims or Second Lien Claims, no holder of an Affected Claim will be entitled to any interest in respect of such Affected Claim accruing on or after or in respect of the period following the Filing Date. At the Effective Time, all interest accruing on any Affected Claim after or in respect of the period following the Filing Date shall be forever extinguished and released under this Plan as against the Company.

7.5 Distributions in respect of Transferred Claims

The Company and the Monitor shall not be obligated to deliver any distributions under this Plan to any transferee of an Affected Claim unless a Proof of Assignment has been delivered to the Monitor no later than the Initial Distribution Record Date.

7.6 Undeliverable and Unclaimed Distributions

In addition to the provisions of Section 7.1(c) of this Plan regarding the distribution of New Shares:

(a) If any Creditor entitled to a distribution pursuant to this Plan cannot be located by the Monitor on the applicable Distribution Date, or if any delivery or distribution to be made pursuant to Article 7 of this Plan is returned as undeliverable, such cash shall be set aside by the Monitor and deposited in a segregated, interest-bearing account to be maintained by the Monitor.

(b) If such Creditor is located by the Monitor within six (6) months after the applicable Distribution Date, such cash shall be distributed to such Creditor.

(c) If such Creditor cannot be located by the Monitor or if any delivery or distribution to be made pursuant to Article 7 of this Plan is returned as undeliverable, or in the case of any distribution made by cheque, the cheque remains uncashed, for a period of more than six (6) months after the applicable Distribution Date or the date of delivery or mailing of the cheque, whichever is later, the Claim of any Creditor with respect to such undelivered or unclaimed distribution shall be discharged and forever barred, notwithstanding any Applicable Law to the contrary, and any such cash allocable to the undeliverable or unclaimed distribution shall be released and returned by the Monitor to the Company, free and clear of any claims of such Creditor or any other Creditors and their respective successors and assigns. Nothing contained in this Plan shall require the Company or the Monitor to attempt to locate any holder of any undeliverable or unclaimed distributions.

7.7 Tax Matters

(a) All distributions to a Creditor or Person on behalf of a Creditor shall be made first with respect to the principal amount of the Claim owing to such

Creditor and only after all such principal has been paid shall the distribution be made with respect to the interest owing on such Claim.

(b) Notwithstanding any other provision in this Plan, each Creditor that is to receive a distribution or payment pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Authorized Authority on account of such distribution.

(c) All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any Applicable Law or any Taxing Authority and the Company shall direct the Monitor, on behalf of the Company, to deduct, withhold and remit from any distributions hereunder payable to a Creditor or to any Person on behalf of any Creditor, such amounts, if any, as the Company determines that it or the Monitor, on behalf of the Company, is required to deduct and withhold with respect to such payment under the ITA or under Applicable Law. To the extent that amounts are so deducted and withheld, such withheld amounts shall be treated for all purposes as having been paid to the Creditor in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority.

ARTICLE 8
CONDITIONS OF PLAN IMPLEMENTATION

8.1 Sanction Order

If this Plan is approved by the Required Majorities, the Company shall bring an application before the CCAA Court for the Sanction Order, which Sanction Order shall provide (unless otherwise agreed to by the Company, the Monitor, the Consenting First Lien Lenders and the First Lien Agent), among other things, that:

(a) (i) this Plan has been approved by the Required Majorities in conformity with the CCAA; (ii) the Company acted in good faith and complied with the provisions of the CCAA and the Orders made in the CCAA Proceeding in all respects; (iii) the CCAA Court is satisfied that the Company has not done or purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated hereby (including the Recapitalization and the Restructuring Transactions) are fair and reasonable;

(b) this Plan (including the compromises, arrangements, releases and the transactions contemplated herein, including the Recapitalization and the Restructuring Transactions) shall be sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on the Company, all Creditors and all other Persons as provided for in this

Plan or the Sanction Order and, at the Effective Time, will be effective and enure to the benefit of the Company, the Creditors and all other Persons as provided in this Plan or the Sanction Order;

(c) authorizing and approving the steps to be taken under this Plan, including the Restructuring Transactions, on the date they are deemed to occur and be effected by this Plan, and in the sequential order contemplated by Schedule "A" to this Plan on the Effective Date;

(d) subject to the performance by the Company of its obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, all Continuing Contracts that have not expired or been terminated prior to the Effective Date pursuant to their terms or by agreement will be and shall remain in full force and effect as at the Effective Date, unamended except as they may have been amended by agreement of the parties thereto subsequent to the Filing Date, and no Person who is a party to any such agreement shall, following the Effective Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such agreement, by reason of:

(i) any defaults or events of default arising as a result of the insolvency of the Company prior to the Effective Date;

(ii) any change of control of the Company arising from implementation of this Plan;

(iii) the fact that the Company has sought or obtained relief under the CCAA or that this Plan has been implemented by the Company;

(iv) the effect on the Company of the completion of any of the transactions contemplated by this Plan;

(v) any compromises or arrangements effected pursuant to this Plan; or

(vi) any other event(s) which occurred on or prior to the Effective Date which would have entitled any Person thereto to enforce those rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Company after the Filing Date.

(e) all Accepted Claims and Disallowed Claims determined in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order are final and binding on the Company and all Creditors;

(f) upon the Effective Date, all Alleged Priority Secured Claims and any security underlying such Alleged Priority Secured Claims shall be irrevocably, fully and finally discharged as against the Company and all of the Company's business assets and undertaking and the Priority Secured Claims Reserve shall stand in the place and stead of such security, with the same priority as it had just prior to the Effective Date;

(g) no meetings or votes of the Existing Shareholders or Persons holding Equity Claims are required in connection with this Plan (including the Restructuring Transactions);

(h) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedies or recoveries with respect to any Claim released, discharged or terminated pursuant to this Plan shall be permanently enjoined;

(i) the releases effected by this Plan are approved, and declared to be binding and effective as of the Effective Date upon all Creditors, the Company, the Monitor and all other Persons affected by this Plan and shall enure to the benefit of all such Persons;

(j) any Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order against Directors that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA will be limited in recovery to the proceeds of any Directors insurance policies;

(k) except for the Administration Charge which shall continue against the Administrative Reserve Fund subject to further Order, all CCAA Charges established by the Initial Order or any other Order, shall be terminated, released and discharged effective on the Effective Date;

(l) upon receipt from the Company, the Monitor shall hold and distribute the Plan Implementation Fund in accordance with this Plan;

(m) the articles of the Company will be amended as set out in Schedule "A";

(n) each Beneficial First Lien Lender shall be deemed to be a party to the Shareholders Agreement on the Effective Date, each in its capacity as a holder of the New Shares;

(o) any written or oral agreement, option or warrant, or any right or privilege capable of becoming such, for the purchase, subscription, allotment or issuance of any shares or other form of equity interest (or any securities or investments convertible, exercisable or exchangeable for any shares or other form of equity interest) in the Company, and any agreements or instruments entitling any holder thereof to any participation in the Company, are of no further force or effect as at the Effective Date and all certificates evidencing Existing Shares are cancelled, null and void;

(p) any claims for which a Proof of Claim has not been filed by the dates required by the Claims Procedure Order or the Supplemental Claims Procedure Order shall be forever barred and extinguished in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order, as applicable;

(q) all Liens of Affected Creditors, including all security registrations in favour of any Affected Creditor, are discharged and extinguished, and the Company or its counsel shall be authorized and permitted to file discharges and full terminations of all Lien filings (whether pursuant to personal property security legislation or otherwise) against the Company in favour of the First Lien Agent, the Second Lien Trustee, the Collateral Trustee or any other Affected Creditor in any jurisdiction without any further action or consent required whatsoever; and

(r) the Monitor is authorized to perform its obligations under this Plan on and after the Effective Date, including authorization to instruct and obtain assistance from its legal counsel and/or Cassels as necessary to do so and as further provided herein.

8.2 Conditions of Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment or waiver, where applicable, of the following conditions on or before the Effective Date or the date specified therefor:

(a) the Company, the Consenting First Lien Lenders and the First Lien Agent shall have complied with all provisions of the Support Agreement;

(b) all conditions of the Support Agreement (including, for certainty, as set out the Plan Term Sheet) shall have been satisfied or waived in accordance with its terms;

(c) this Plan shall have been approved by the Required Majorities;

(d) the Sanction Order shall have been granted by the CCAA Court in a form acceptable to the Company, the Monitor, the Consenting First Lien Lenders and the First Lien Agent, each acting reasonably, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;

(e) all applicable appeal periods in respect of the Sanction Order shall have expired and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(f) the Monitor shall have received the Plan Implementation Fund from the Company;

(g) the AER shall have provided an advance ruling confirming that the AER does not consider the change to control persons (within the meaning of Directive 067) resulting from the implementation of the Plan to be an unreasonable risk;

(h) no injunction or other order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Plan and the Support Agreement, and no proceedings therefor shall have been commenced before any court or governmental or regulatory authority;

(i) the credit agreement documenting the New Senior Secured Term Facility (the "**New Senior Secured Term Facility Agreement**"), the MIP, the Executive Employment Agreements, and the Shareholders Agreement and all related agreements and other documents contemplated by the Recapitalization and the implementation of this Plan, shall be in form and substance acceptable to the Company and the Consenting First Lien Lenders, each acting reasonably, and shall have become effective, subject only to the implementation of the Plan;

(j) the Company shall not be a reporting issuer (or equivalent) in any province or territory of Canada or any other jurisdiction upon implementation of the Plan;

(k) the articles of reorganization to be filed under the CBCA in respect of the Restructuring Transactions and, in particular, the creation of the New Shares, shall be in form acceptable to the Consenting First Lien Lenders;

(l) the aggregate number of New Shares to be issued pursuant to this Plan shall be acceptable to the to the Consenting First Lien Lenders;

(m) the composition of the New Board shall be as determined in accordance with the Support Agreement;

(n) all necessary corporate action and proceedings of the Company shall have been taken to approve this Plan and to enable the Company to execute, deliver and perform its obligations under the agreements, documents and other instruments to be executed and delivered by it pursuant to this Plan; and

(o) all agreements, resolutions, documents and other instruments, which are reasonably necessary to be executed and delivered by the Company, in order to implement this Plan or perform the Company's obligations under this Plan or the Sanction Order, shall have been executed and delivered.

Each of the conditions set out in this Section 8.2 may be waived in whole or in part by the Company with the prior written consent of the Consenting First Lien Lenders by written notice to the Monitor. If the conditions in this Section 8.2 have not been satisfied or waived in accordance with this Section 8.2 by the Outside Date (or such later date as the Company, the Consenting First Lien Lenders, the First Lien Agent and the Monitor agree), this Plan shall automatically terminate, in which case the Company shall not be under any further obligation to implement this Plan.

8.3 Monitor's Certificate

Upon satisfaction or waiver of the conditions set out in Section 8.2, the Company and the Consenting First Lien Lenders, shall give written notice to the Monitor that the conditions set out in Section 8.2 have been satisfied or waived, and the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Company and the Consenting First Lien Lenders, a certificate which states that all conditions precedent set out in Section 8.2 have been satisfied or waived, in substantially the form as the certificate attached as <u>Schedule "B"</u> to this Plan (the "**Monitor's Certificate**"), and shall specify therein the date of the delivery thereof. On or forthwith following the Effective Date, the Monitor shall file the Monitor's Certificate with the CCAA Court and shall post a copy of the same on the Website.

ARTICLE 9
AMENDMENTS TO THE PLAN

9.1 Amendments to Plan Prior to Approval

The Company reserves the right to vary, modify, amend or supplement this Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement or both filed with the CCAA Court at any time or from time to time prior to the commencement of the Creditors' Meetings, provided that the Company obtains the prior consent of the Consenting First Lien Lenders and the Monitor to any such variation, modification, amendment or supplement, which consent shall not be unreasonably withheld. Any such supplementary or amended and restated plan or plans of compromise or arrangement or both shall, for all purposes, be deemed to be a part of and incorporated into this Plan. Any such variation, modification, amendment or supplement shall be posted on the Website and e-mail notice will be provided to the CCAA Proceeding service list. Creditors are advised to check the Website regularly. Creditors who wish to receive written notice of any variation, modification, amendment or supplement to the Plan should contact the Monitor in the manner set out in Section 11.12 of this Plan. Creditors in attendance at the Creditors' Meetings will also be advised of any such variation, modification, amendment or supplement to the Plan.

In addition, the Company may propose a variation or modification of, or amendment or supplement to, this Plan during the Creditors' Meetings, provided that the Company obtains the prior consent of the Consenting First Lien Lenders and the Monitor to any such variation, modification, amendment or supplement, which consent shall not be unreasonably withheld, and that notice of such variation, modification, amendment or supplement is given to all Creditors entitled to vote present in person or by proxy at the applicable Creditors' Meeting prior to the vote being taken at such Creditors' Meeting, in which case any such variation, modification, amendment or supplement shall, for all purposes, be deemed to be part of and incorporated into this Plan. Any variation, amendment, modification or supplement at a Creditors' Meeting will be promptly posted on the Website, served by e-mail to the service list in the CCAA Proceeding and filed with the CCAA Court as soon as practicable following the applicable Creditors' Meeting.

9.2 Amendments to Plan Following Approval

After one or more of the Creditors' Meetings (and both prior to and subsequent to obtaining the Sanction Order), the Company may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an Order or providing notice to the Creditors, if the Company and the Monitor, acting reasonably and in good faith, determine that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of any of the Creditors under this Plan or is necessary in order to give effect to the substance of this Plan or the Sanction Order.

ARTICLE 10
EFFECT OF THE PLAN

10.1 Implementation

At the Effective Time, subject to the satisfaction or waiver of the conditions contained in Section 8.2 of this Plan, this Plan shall be implemented by the Company and shall be binding upon all Persons in accordance with the terms of this Plan and the Sanction Order.

10.2 Effect of the Plan Generally

At the Effective Time, the payment, compromise or satisfaction of any Affected Claims under this Plan shall be binding upon all Persons, his, her or its heirs, executors, administrators, legal or personal representatives, successors and assigns, as the case may be, for all purposes and this Plan will constitute: (a) full, final and absolute settlement of all rights of any Persons against the Company and the Directors and Officers in respect of the Affected Claims and Equity Claims; (b) an absolute release and discharge of all indebtedness, liabilities and obligations of or in respect of the Affected Claims and Equity Claims against the Company and the Directors and Officers and all Liens granted by the Company in respect thereof, including any interest, costs, fees or penalties accruing thereon whether before or after the Filing Date; and (c) a reorganization of the capital of the Company, as provided in Schedule "A" hereto.

10.3 Compromise Effective for All Purposes

No Person who has a Claim as a guarantor, surety, indemnitor or similar covenant in respect of any Claim which is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised or released under this Plan shall be entitled to any greater rights than the Creditor or Existing Shareholder whose Claim was compromised under this Plan. Accordingly, the payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon such Creditor or Existing Shareholder, his, her or its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

10.4 Release of Company and Other Released Parties

At the Effective Time, for good and valuable consideration, including the distributions to be made pursuant to the Plan, every Creditor, Affected Creditor or other Person, on the Creditor's, Affected Creditor's or other Person's own behalf and on behalf of the Creditor's, Affected Creditor's or other Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, hereby is deemed to and does fully, finally, irrevocably and unconditionally release and forever discharge each of the Company, the Directors, the Officers and any alleged fiduciary (whether acting as a director, officer, or other responsible party), Cassels, Akin Gump, Ernst & Young Inc., the Monitor, the Financial Advisor, the First Lien Agent, the Collateral Trustee, the Second Lien Trustee, the Consenting First Lien Lenders, and the Consenting First Lien Advisors, together with each of their respective current and former legal counsel, financial advisors, representatives, directors, officers, predecessors, affiliates, member companies, related companies, shareholders, heirs, spouses, dependants, administrators, executors, employees, professional advisors including solicitors, auditors, contractors, consultants, servants, agents and assigns (collectively, the "**Released Parties**" and individually, a "**Released Party**"), of and from any and all Claims, and, without limitation, any and all past, present and future claims, causes of action, debts, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, accounts, covenants, damages, expenses, fees (including solicitors' fees or liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, matured or unmatured, direct, indirect or derivative, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time relating to or otherwise in connection with the Company, including, (a) the business and operations of the Company, (b) the property and assets of the Company, (c) the Affected Claims, the Plan or the CCAA Proceeding, (d) the Support Agreement, (e) the Equity Claims and the Existing Shares; (f) a contract that has been restructured, terminated, repudiated, disclaimed or resiliated prior to the Disclaimer Deadline in accordance with the CCAA, (g) the Recapitalization and any Restructuring Transaction in respect of which the Released Parties had any role, whether in their capacity as Officers, Directors or in any other capacity, (h) liabilities of the Directors and Officers and any alleged fiduciary or other duty, including any and all Claims that may be made against the Directors or Officers where by law such Directors or Officers may be liable in their capacity as Directors or Officers, or (i) any Claim that has been barred or extinguished by the Claims Procedure Order or the Supplemental Claims Procedure Order (all collectively, the "**Released Claims**"); and at the Effective Time the Company is deemed to and does fully, finally, irrevocably and unconditionally release and forever discharge every other Released Party of and from any and all Released Claims.

Notwithstanding the foregoing, nothing in this Section 10.4 shall release or discharge:

(a) the Company from any Unaffected Claim that has not been paid in full under this Plan to the extent of such non-payment;

(b) a Released Party from its obligations under this Plan;

(c) a Released Party found by a court of competent jurisdiction by final determination on the merits to have committed fraud in relation to a Released Claim for which it is responsible at law; or

(d) the Directors from any Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order that cannot be compromised due to the provisions of Section 5.1(2) of the CCAA.

10.5 Injunction

Subject to the exceptions stated in sub-paragraphs (a) through (d) of Section 10.4 of this Plan, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to the Affected Claims, the Equity Claims and the Released Claims, from:

(a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suit, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any of the Released Parties or their property;

(b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property;

(c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suit or demand (including by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation) or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;

(d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Lien or encumbrance of any kind; or

(e) taking any action to interfere with the implementation or consummation of the Plan (including the Recapitalization and the Restructuring Transactions);

and any such proceedings will be deemed to have no further effect against the Company or any of its assets and will be released, discharged or vacated without cost to the Company. All Persons shall cooperate with the Company and the Monitor in lifting any Lien or discontinuing any proceeding filed or commenced prior to the Effective Time, as the Company or the Monitor may reasonably request. The Company may apply to the CCAA Court to obtain a discharge or dismissal of any such proceedings if necessary without notice to any Person.

10.6 Knowledge of Claims

Each Person to which Section 10.4 applies shall be deemed to have granted the releases set out in this Section 10.4 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any Applicable Law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the Effective Time.

10.7 Waiver of Defaults

At the Effective Time, and subject to any express provisions to the contrary in any amending agreement entered into with the Company after the Filing Date, all Persons shall be deemed to have waived any and all defaults of the Company then existing or previously committed, caused by any of the provisions hereof, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, and any amendments or supplements thereto, existing between such Person and the Company. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or other notices, including any notices of intention to proceed to enforce security, arising from any of such aforesaid defaults shall be deemed to have been rescinded and withdrawn. For greater certainty, nothing in this Section shall waive any obligations of the Company in respect of any Unaffected Claim.

10.8 Consents and Waivers

At the Effective Time, all Creditors shall be deemed to have consented and to have agreed to all of the provisions of this Plan in its entirety. Each Creditor shall be deemed to have (a) granted, and executed and delivered to the Company all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety and (b) agreed that if any conflict exists between the provisions of any agreement or arrangement, written or oral, existing between the Company and such Creditor and the provisions of this Plan, then the provisions of this Plan shall govern and the provisions of such other agreement or arrangement shall be amended accordingly.

10.9 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.10 Preferential Transactions

Sections 95 to 101 of the BIA and any Applicable Law relating to preferences, settlements, fraudulent conveyances or transfers at undervalue shall not apply in any respect, including, without limitation, to any dealings prior to the Filing Date, to this Plan, to any payments or distributions made in connection with the restructuring and recapitalization of the Company, whether made before or after the Filing Date, or to any and all transactions contemplated by and to be implemented pursuant to this Plan.

10.11 Compromise of Claims under Section 19(2) of the CCAA

On the Effective Date, the following Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order shall be compromised under this Plan, including pursuant to the terms of this Article 10 and shall be deemed to be a Released Claim pursuant to Section 10.4 of this Plan:

(a) any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence;

(b) any award of damages by a court in civil proceedings in respect of

(i) bodily harm intentionally inflicted, or sexual assault, or

(ii) wrongful death resulting from an act referred to in subparagraph (i);

(c) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity or, in Quebec, as a trustee or an administrator of the property of others;

(d) any debt or liability resulting from obtaining property or services by false pretences or fraudulent misrepresentation, other than a debt or liability of the Company that arises from an Equity Claim; or

(e) any debt for interest owed in relation to an amount referred to in any of paragraphs (a) to (d),

provided that this Section shall only apply to a Person who voted (in person or by proxy) in favour of this Plan at the Creditors' Meetings.

ARTICLE 11
GENERAL PROVISIONS

11.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, assurances, instruments, documents, elections, consents or filings as may be reasonably required by the Company in order to implement this Plan.

11.2 Set-Off

The law of set-off applies to all Claims made against the Company and to all actions instituted by it for the recovery of debts due to the Company in the same manner and to the same extent as if the Company was plaintiff or defendant, as the case may be.

11.3 Paramountcy

Without limiting any other provision hereof, from and after the Effective Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between the Company and any other Persons affected by this Plan, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

11.4 Revocation, Withdrawal, or Non-Consummation

The Company reserves the right to revoke or withdraw this Plan at any time prior to the Effective Time and to file subsequent plans of compromises or arrangement. If the Company revokes or withdraws this Plan, or if the Sanction Order is not issued, (a) this Plan shall be null and void in all respects, (b) any Affected Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Affected Claim to an amount certain), and any document or agreement executed pursuant to this Plan shall be deemed null and void, and (c) nothing contained in this Plan, and no action taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against the Company or any Person; (ii) prejudice in any manner the rights of the Company or any Person in any further proceedings involving the Company, or (iii) constitute an admission of any sort by the Company or any Person.

11.5 Preservation of Rights of Action

Except as otherwise provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, following the Effective Time, the Company will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Company may hold against any Person or entity, without further approval of the CCAA Court.

11.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceeding with respect to the Company and is not responsible or liable for any obligations of the Company. The Monitor will have the powers and protections granted to it by this Plan, by the CCAA and by any Order, including the Initial Order, the Claims Procedure Order, the Supplemental Claims Procedure Order and the Creditors' Meetings Order. Both prior to and after the Effective Date, the Company shall provide such assistance as reasonably required by the Monitor in connection with the completion of the Monitor's duties and obligations under this Plan.

11.7 Reliance Upon Consent

For the purposes of this Plan, where a matter shall have been agreed, waived, consented to or approved by the Company, or a matter must be satisfactory or acceptable to the Company, any Person shall be entitled to rely on written confirmation from Cassels that the Company has agreed, waived, consented to or approved a particular matter.

For the purposes of this Plan, where a matter shall have been agreed, waived, consented to or approved by the Consenting First Lien Lenders, or a matter must be satisfactory or acceptable to the Consenting First Lien Lenders, such matter shall be decided by the Majority Consenting First Lien Lenders and any Person shall be entitled to rely on written confirmation from Bennett Jones LLP, as counsel to the Consenting First Lien Lenders, that the Majority Consenting First Lien Lenders have agreed, waived, consented to or approved a particular matter.

11.8 Adjudication of Unresolved Claims

Following the Effective Time, Cassels shall continue to have primary carriage and responsibility as legal counsel in connection with litigation or other adjudication of any remaining Disputed Claims, Alleged Priority Secured Claims, Alleged Retention Plan Claims or Alleged Directors’ Charge Claims pursuant to this Plan, the Claims Procedure Order, the Supplemental Claims Procedure Order or otherwise.

11.9 Obligation to Pay Only to the Extent Funds are Available

Notwithstanding any other provision of this Plan, and without in any way limiting the protections for the Monitor set out in the Orders or the CCAA, the Monitor shall have no obligation to make any payment contemplated under this Plan, and nothing shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full.

11.10 Application of First Lien Credit Agreement to Actions of First Lien Agent

The First Lien Credit Agreement (and any other loan document applicable to the First Lien Agent and the agency that the First Lien Agent is providing under and in connection with the First Lien Credit Agreement) continue to apply, including the provisions of Article VIII of the First Lien Credit Agreement (and, without limiting the generality of the foregoing, the First Lien Agent’s right to delegate any of its duties and/or rights and powers to a sub-agent in accordance with the terms of Section 8.05 of the First Lien Credit Agreement), provided, however, that in the case of any delegation to a sub-agent, the First Lien Agent shall take all such steps as requested by the Consenting First Lien Lenders to cause such sub-agent to do such things as are necessary to effect and complete the actions and steps contemplated under this Plan.

11.11 Monitor shall have no Personal Liability

The Monitor shall not incur any liability whatsoever, including in respect of (a) any amount paid, required to be paid or not paid pursuant to this Plan, (b) any costs or expenses incurred in connection with, in relation to or as a result of any payment made, required to be made or not made, or (c) any deficiency in the Plan Implementation Fund or any reserves established pursuant to this Plan.

11.12 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference this Plan and may, subject to as hereinafter provided, be made or given by mail, personal delivery or by e-mail transmission addressed to the respective parties as follows:

(a) if to the Company:

Connacher Oil and Gas Limited
Suite 1040, 640 5th Avenue SW
Calgary, Alberta T2P 3G4

Attention: Merle Johnson
Email: MeJohnson@Connacheroil.com

With a copy to (which shall not constitute notice):

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King St. West
Toronto, Ontario M5H 3C2

Attention: Ryan Jacobs/Joseph Bellissimo
E-mail: rjacobs@casselsbrock.com/jbellissimo@casselsbrock.com

With a copy to (which shall not constitute notice):

Ernst & Young Inc.,
in its capacity as Monitor of Connacher Oil and Gas Limited
Calgary City Centre
Suite 2200, 215 – 2nd Street SW
Calgary, Alberta T2P 1M4

Attention: Peter Chisholm
Email: peter.chisholm@ca.ey.com

(b) if to the Monitor:

Ernst & Young Inc.,
in its capacity as Monitor of Connacher Oil and Gas Limited
Calgary City Centre
Suite 2200, 215 – 2nd Street SW
Calgary, Alberta T2P 1M4

Attention: Peter Chisholm
Email: peter.chisholm@ca.ey.com

With a copy to (which shall not constitute notice):

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary, Alberta T2P 4K9

Attention: Sean F. Collins/Walker MacLeod
Email: scollins@mccarthy.ca/wmacleod@mccarthy.ca

(c) if to the Consenting First Lien Lenders:

Bennett Jones LLP
3400 One First Canadian Place
Toronto, Ontario M5X 1A4

Attention: Sean Zweig/Luke Morrison
Email: zweigs@bennettjones.com/morrisonl@bennettjones.com

(d) if to the First Lien Agent

Wilmington Trust, National Association
Rodney Square North, 1100 North Market Street
Wilmington, DE 19890

Attention: Joseph B. Feil
Email: jfeil@wilmingtontrust.com

with a copy (which shall not constitute notice) given in like manner to:

Jones Day
222 East 41st Street
New York, NY 10017-6702

Attention: Lewis Grimm
Email: lgrimm@jonesday.com

(e) if to a Creditor:

To the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in accordance with this Section,

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or e-mailed if sent before 5:00 p.m. (Calgary time) on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent. Any notice or other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

If during any period during which notices or other communications are being given pursuant to this Plan a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of the CCAA Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or electronic or digital transmission in accordance with this Plan.

SCHEDULE "A"

RESTRUCTURING TRANSACTIONS

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected in five minute increments (unless otherwise indicated) and at the times set out in this section (or in such other manner or order or at such other time or times as the Company may determine in consultation with the Monitor and the Consenting First Lien Lenders), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) the Monitor shall make the payments and distributions contemplated by the Plan on the Effective Date;

(b) the articles of the Company under the CBCA shall be amended

(i) to create the New Shares as a new class of shares that the Company is authorized to issue, which shares shall be unlimited in number, be designated as "Class A Common Shares", and have attached thereto the following rights, privileges, restrictions and conditions:

(A) the right to receive notice of and to attend all meetings of shareholders of the Corporation, and to one vote in respect of each Class A Common Share at all such meetings;

(B) subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares and any other class of shares ranking senior to the Class A Common Shares, the right to receive and participate rateably in any dividend declared by the Board of Directors of the Corporation; and

(C) subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares and any other class of shares ranking senior to the Class A Common Shares, in the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the property of the Corporation among the shareholders for the purpose of winding up its affairs, the right to receive and participate rateably in the distribution of the remaining property of the Corporation;

(ii) to include a restriction on the transfer of shares of the Company, to the effect that no shares may be transferred without the approval of the board of directors of the Company; and

(iii) to provide that the Company has a lien on a share registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the Company;

(c) the Company shall issue Class A Common Shares to the First Lien Lenders in accordance with Sections 5.2 and 7.1 of the Plan, provided, however, that no fractional Class A Common Shares shall be allocated or issued and any fractional Class A Common Shares that would have otherwise been issued shall be rounded down to the nearest whole number without compensation therefor;

(d) all of the Company's issued and outstanding Equity Claims shall be cancelled without any return of capital or other payment in respect thereof and in particular, but without limitation, all outstanding Existing Shares, warrants, options and other rights or obligations to acquire Existing Shares shall be cancelled for no consideration;

(e) the Shareholders Agreement shall become effective;

(f) the Company shall execute and deliver to the New Senior Secured Term Facility Agent the New Senior Secured Term Facility;

(g) the Administration Charge, the Directors' Charge, the KERP/LTIP Charge, the KEIP Charge, the Financial Advisor Charge and the ATB Charge shall be deemed to be released as against the assets of the Company and the Plan Implementation Fund, provided that the Administration Charge shall continue to be secured against the assets of the Administrative Reserve Fund;

(h) the Affected Creditors shall be entitled to the treatment set out in the Plan in full and final settlement of their Affected Claims, and:

(i) the Affected Claims shall, and shall be deemed to be, irrevocably and finally extinguished and such Affected Creditors shall have no further right, title or interest in and to its Affected Claim;

(ii) no Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Affected Claim or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of an Affected Claim will be entitled to any greater rights as against the Company than the Person whose Affected Claim is compromised under the Plan;

(iii) all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished;

(iv) all distributions made pursuant to the Plan to Affected Creditors will be allocated first towards the repayment of the amount of the Affected Claim attributable to principal and, if greater than the amount of principal, second, towards the repayment of any amount of such Claim attributable to unpaid interest;

(i) the discovery, extended reporting, or run-off period under applicable insurance policies in favour of Directors or Officers shall be deemed to be triggered, with payment of insurance premiums and any applicable fees for such run-off period being made from funds on deposit with or held in escrow for such purpose by the Company's insurance broker;

(j) the directors of the Company holding office immediately prior to the Effective Time shall be deemed to have resigned and the individuals comprising the New Board shall be deemed to have been appointed as directors;

(k) all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its subsidiaries shall survive the completion of the Plan and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date;

(l) the releases and injunctions referred to in Article 10 of the Plan shall become effective, and shall be deemed to be, fully, finally, irrevocably and forever compromised, settled, released, discharged, extinguished, cancelled and barred and the Company shall be fully, finally and irrevocably released from any and all claims, liabilities or obligations of any kind to an Affected Creditor, Creditor or Person, and the Affected Creditors shall only have rights thereafter as against the General Creditor Pool held by the Monitor or against the reserves and funds established pursuant to the Plan as applicable; and

(m) the Company and its wholly owned subsidiary, 11403389 Canada Inc., shall amalgamate to continue as one corporation under Section 184(1) of the CBCA.

SCHEDULE "B"

FORM OF MONITOR'S CERTIFICATE

COURT FILE NUMBER	1601-06131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
COMPANY	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED** **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED**	
DOCUMENT	**MONITOR'S CERTIFICATE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MCCARTHY TETRAULT LLP** Suite 4000, 421 7th Avenue SW Calgary, Alberta T2P 4K9 Attn: Sean Collins/Walker MacLeod Tel: 403-260-3531 Fax: 403-260-3501 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca	

RECITALS

A. Pursuant to the order of this Honourable Court dated May 17, 2016 (the "**Initial Order**"), the Company filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended.

B. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the monitor of the Company (the "**Monitor**") with the powers, duties and obligations set out in the Initial Order;

C. The Company has filed a Plan of Compromise and Arrangement under the CCAA dated May 6, 2019 (the "**Plan**"), which Plan has been approved by the requisite majorities of Creditors in each Class and the Court; and

D. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the Plan.

THE MONITOR HEREBY CERTIFIES the following:

1. The Monitor has received written confirmation from the Company, in form and substance satisfactory to the Monitor, that the conditions to the implementation of the Plan set out in Section 8.2 of the Plan have been satisfied or waived in accordance with the Plan;

2. The Monitor has received the Plan Implementation Fund in accordance with the terms of the Plan; and

3. This Certificate was delivered by the Monitor to the Company and counsel to the Consenting First Lien Lenders on __________________________ **[Date]**.

ERNST & YOUNG INC., in its capacity as the Court-appointed Monitor of the Company and not in its personal or corporate capacity

By: ______________________________

Name:

Title:

EXHIBIT “C”
ARTICLES OF REORGANIZATION

Canada Business Corporations Act (CBCA)
FORM 14
ARTICLES OF REORGANIZATION
(Section 191)

1 - Corporate name

CONNACHER OIL AND GAS LIMITED

2 - Corporation number

891410 - 9

3 - In accordance with the court order for reorganization, the articles of incorporation are amended as follows:

PLEASE SEE SCHEDULE "A"

4 - Declaration

I hereby certify that I am a director or an authorized officer of the corporation.

Signature: ______________________

Print name: ______________________ Telephone number: ______________________

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

SCHEDULE "A"

3 – In accordance with the court order for reorganization, the articles of arrangement are amended as follows:

(i) to create a new class of shares that the Corporation is authorized to issue, which shares shall be unlimited in number, be designated as "Class A Common Shares" and have attached thereto the rights, privileges, restrictions and conditions set out below, by amending the Schedule setting out the classes and any maximum number of shares that the Corporation is authorized to issue, as incorporated into and forming part of the Articles, which Schedule is attached to Schedule A to the Articles of Arrangement of the Corporation filed May 8, 2015, as follows:

(A) by deleting the first paragraph thereof and substituting the following:

"The Corporation is authorized to issue an unlimited number of First Preferred Shares, an unlimited number of Second Preferred Shares, an unlimited number of Common Shares, and an unlimited number of Class A Common Shares, each having the rights, privileges, restrictions and conditions set out below."

(B) by adding the following as paragraph 4 thereof:

"4. The Class A Common Shares as a class shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) Voting: The holders of the Class A Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and to one vote in respect of each Class A Common Share at all such meetings.

(b) Dividends: Subject to the rights of the holders of the First Preferred Shares and Second Preferred Shares and any other class of shares ranking senior to the Class A Common Shares, the holders of the Class A Common Shares shall be entitled to receive and participate rateably in any dividends declared by the board of directors of the Corporation.

(c) Liquidation, Dissolution or Winding Up: Subject to the rights of the holders of the First Preferred Shares and Second Preferred Shares and any other class of shares ranking senior to the Class A Common Shares, in the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among the shareholders for the purposes of winding up its affairs, the holders of the Class A Common Shares shall participate rateably in the distribution of the assets of the Corporation."

so that, after giving effect to these amendments, the complete Schedule to the Articles of the Corporation setting out the classes and any maximum number of shares that the Corporation is authorized to issue, as incorporated into and forming part of the Articles, shall be as set forth in the attached Schedule of Share Capital.

(ii) to add a restriction on the transfer of shares of the Corporation, by deleting the indication in the Articles that there are no restrictions on share transfers and substituting the following:

> "Subject to the terms and conditions of any unanimous shareholder agreement of the Corporation as in effect from time to time, no shares of the Corporation may be transferred without the approval of the Board of Directors of the Corporation."

(iii) to add the following other provision to the Articles:

> "The Corporation has a lien on a share registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the Corporation."

so that, after giving effect to this addition, the complete Schedule to the Articles of the Corporation setting out other provisions thereof, as incorporated into and forming part of the Articles, shall be as set forth in the attached Schedule of Other Provisions.

Schedule of Share Capital

This Schedule of Share Capital is attached to the Articles of Reorganization of Connacher Oil and Gas Limited (the "Corporation") filed [●], 2019, and is incorporated into and forms part of the Articles of the Corporation.

Schedule of Other Provisions

This Schedule of Other Provisions is attached to the Articles of Reorganization of Connacher Oil and Gas Limited (the "Corporation") filed [●], 2019, and is incorporated into and forms part of the Articles of the Corporation.