COURT FILE NO.	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	ORDER (SUPPORT AGREEMENT, SISP & KEIP APPROVAL)
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Casseis Brock & Blackwell LLP Suite 1250, Millennium Tower 440 – 2nd Avenue SW Calgary, Alberta T2P 5E9 Attn: R. Shayne Kukulowicz/Ryan Jacobs/Jeffrey Oliver Tel: 403-351-2920 Fax: 403-648-1151 skukulowicz@casselsbrock.com rjacobs@casselsbrock.com joliver@casselsbrock.com

FILED
Clerk's
MAR 28 2018
JUDICIAL CENTRE OF CALGARY
CALGARY
CLERK OF THE COURT

I hereby certify this to be a true copy of the original Order
Dated this 28 day of Mar 2018
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 28, 2018

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Associate Chief Justice J.D. Rooke

UPON THE APPLICATION by Connacher Oil and Gas Limited (the "**Applicant**"); AND UPON HAVING READ the Affidavit of Merle Johnson sworn March 19, 2018 (the "**Johnson Affidavit**"), the Fifteenth Report ("**Fifteenth Report**") of Ernst & Young Inc. in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the pleadings and proceedings herein, including the Initial Order granted on May 17, 2016 (the "**Initial Order**"); **AND UPON** hearing counsel for the Applicant, the Monitor, and the First Lien Agent (as defined in the Initial Order), with no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Benjamin Goodis sworn on March 19, 2018, and the Affidavit of Service of Benjamin Goodis sworn on March 20, 2018, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF SUPPORT AGREEMENT

2. The Support Agreement (the "**Support Agreement**") among the Applicant and the First Lien Agent and the other signatories thereto being the Consenting First Lien Lenders (as defined in the Support Agreement) dated March 19, 2018, attached at Exhibit "A" to the Johnson Affidavit, is hereby approved. The execution and delivery of the Support Agreement by the Applicant is hereby authorized and approved, with such minor amendments as the Applicant may deem necessary, and the Applicant is hereby authorized and empowered to take all steps and actions in respect of, and to comply with all of its obligations pursuant to, the Support Agreement. Nothing in this paragraph shall constitute approval of the PSA (as defined in the Support Agreement) or the transactions contemplated therein.

SALE AND INVESTMENT SOLICITATION PROCESS

3. The sale and investment solicitation process in the form attached as Schedule "A" to this Order (the "**SISP**") be and is hereby approved and each of the Applicant, the Monitor and the Financial Advisor (as defined in the SISP) are authorized and directed to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.

4. Each of the Monitor and the Financial Advisor and their respective affiliates, partners, directors, employees and agents shall have no liability with respect to any and all losses,

claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor or the Financial Advisor, as applicable, in performing their obligations under the SISP (as determined by this Court).

5. In connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and clause 20(e) of the *Personal Information Protection Act* (Alberta), the Applicant, the Monitor and the Financial Advisor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders and to their advisers, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a "**Transaction**"). Each prospective purchaser or bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction and if it does not complete the Transaction, shall: (i) return all such information to the Applicant; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so.

KEY EMPLOYEE INCENTIVE PLAN

6. The key employee incentive plan (the "**KEIP**") described in the Johnson Affidavit is hereby authorized and approved and the Applicant (and any other person that may be appointed to act on behalf of the Applicant, including without limitation, any trustee, liquidator, receiver, interim receiver, receiver and manager or other person acting on behalf of such person) is authorized and directed to perform the obligations under the KEIP and to make the payments contemplated by the KEIP in accordance with the terms of the KEIP. The directors and officers of the Applicant shall have no liability for the payments contemplated in the KEIP, and for certainty, any and all claims under the KEIP shall be secured solely by the KEIP Charge (as defined below), and shall not be secured, directly or indirectly, by the Directors' Charge.

7. All claims of the key employees designated under the KEIP (the "**KEIP Beneficiaries**") to the KEIP payments are claims that may not be compromised pursuant to any plan of arrangement or compromise filed by the Applicant under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), any proposal filed by the Applicant under the *Bankruptcy*

and Insolvency Act ("**BIA**"), or any other restructuring and no such plan, proposal or restructuring shall be approved that does not provide for the payment of any KEIP payments due to the KEIP Beneficiaries pursuant to the terms of the KEIP.

KEIP CHARGE

8. The KEIP Beneficiaries are hereby granted a charge (the "**KEIP Charge**") over the Property (as defined in the Initial Order) to secure all obligations under the KEIP.

9. Subject to section 34(11) of the CCAA and paragraph 10 of this Order, the KEIP Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person. The Applicant shall not grant any charges in the CCAA proceeding that rank *pari passu* with, or senior to, the KEIP Charge, without the consent of the KEIP Beneficiaries.

10. The KEIP Charge shall rank subordinate in priority to each of the Administration Charge, the Directors' Charge, the KERP/LTIP Charge (each as defined in the Initial Order), the ATB Charge (as defined in the Order (Approval of ATB Credit Facilities) of this Court dated November 20, 2017) and the FA Charge (as defined in the Order (Engagement of Financial Advisor) of this Court dated February 28, 2018).

11. The filing, registration or perfection of the KEIP Charge shall not be required, and the KEIP Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the KEIP Charge coming into existence, notwithstanding any such failure to file, register, record, or perfect.

12. The KEIP Charge shall not be rendered invalid or otherwise unenforceable and the rights and remedies of the KEIP Beneficiaries thereunder shall not otherwise be limited or impaired in any way by:

   a) the pendency of these proceedings;

   b) any application(s) for bankruptcy orders issued pursuant to the BIA or any bankruptcy order made pursuant to such applications;

c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

d) the provisions of any federal or provincial statutes; or

e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, a "**Contract**") which binds the Applicant, and notwithstanding any provision to the contrary in any Contract:

i. neither the creation of the KEIP Charge nor the execution, delivery, perfection, registration or performance of the KEIP shall create or be deemed to constitute a new breach by the Applicant of any Contract to which it is party;

ii. the KEIP Beneficiaries shall not have any liability to any person whatsoever as a result of any breach of any Contract caused by or resulting from the creation of the KEIP Charge, or entry into the KEIP or the performance thereof; and

iii. the payments made by the Applicant pursuant to the KEIP do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

SEALING ORDER

13. The Affidavit of Merle Johnson sworn March 19, 2018 containing Confidential Exhibit "1" and Confidential Exhibit "2" (the "**Confidential Material**") shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Confidential Material shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file to be shown only to a Justice of this Court, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order. A copy of

this Order shall be served on the clerk of the Court pursuant to Rule 13.45 for the purpose of sealing and for compliance with Rule 6.32, forthwith after service.

14. Any party in interest may apply to vary the sealing provisions of this Order upon notice to the Applicant, the Monitor and the Consenting First Lien Lenders.

J.C. C.Q.B.A.

SCHEDULE "A"

SALE AND INVESTMENT SOLICITATION PROCESS

Procedures for the Sale and Investment Solicitation Process

1. On May 17, 2016, Connacher Oil and Gas Limited (the "**Company**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") from the Alberta Court of Queen's Bench (the "**Court**").

2. On March 28, 2018, the Court granted an order, which, among other things: (a) authorized the execution by the Company of a support agreement with certain of the First Lien Lenders (the "**Consenting First Lien Lenders**") and the First Lien Agent dated March 19, 2018 (the "**Support Agreement**") and (b) approved this sale and investment solicitation process (the "**SISP**").

3. The Support Agreement provides that the Consenting First Lien Lenders shall support the approval and implementation of either: (a) in the event that a Successful Bid is selected pursuant to this SISP, a Superior Transaction, or (b) in the event that a Successful Bid is not selected pursuant to this SISP, the "**Restructuring Transaction**" (as defined and more particularly described in the Support Agreement) which would involve, *inter alia*, the Property and Business being transferred from the Company to a new corporation to be owned by the First Lien Lenders, and the First Lien Lenders credit bidding a portion of the First Lien Claim Amount in connection with such transfer.

4. The purpose of the SISP is to solicit proposals for a Superior Transaction that may constitute a Successful Bid, and if no Successful Bid is selected and implemented in accordance with the SISP, to provide for the prompt implementation of the Restructuring Transaction.

5. Set forth below are the procedures (the "**SISP Procedures**") to be followed with respect to the SISP and, if applicable, following selection of a Successful Bid, to complete the transaction contemplated thereby.

Defined Terms

6. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in Appendix "A" hereto.

Solicitation Process and Timeline

7. The SISP Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to the Diligence Materials concerning the Company, its business and operations (the "**Business**") and its assets, undertakings and properties (collectively, the "**Property**"), the manner in which a bid becomes a Qualified Phase I Bid or a Qualified Phase II Bid, the receipt and negotiation of bids received, the ultimate selection of a Successful Bid, if any, and the approval thereof by the Court.

8. The Company shall implement these SISP Procedures with the assistance of the Financial Advisor and Cassels and in consultation with the Monitor. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve any such dispute.

9. The following table sets out the key milestones under this SISP, subject to extension by the Company pursuant to and in accordance with these SISP Procedures:

Milestone	Deadline
Phase I Bid Deadline	May 23, 2018
Phase II Bid Deadline	June 20, 2018
Court Approval of Successful Bid	July 17, 2018
Closing of Transaction	August 17, 2018

Solicitation of Interest

10. As soon as reasonably practicable following Court approval of this SISP, the Financial Advisor, in consultation with the Company, the Monitor and the Consenting First Lien Lenders, shall (a) prepare a list of potential bidders, including strategic and financial parties, that may be interested in submitting a proposal in respect of a Superior Transaction (a "**Potential Bidder**"); (b) prepare a summary teaser describing the opportunity to participate in the SISP and an overview of the SISP Procedures (the "**Teaser Letter**"); (c) prepare a confidential information memorandum ("**CIM**") with respect to the opportunity, if appropriate; and (d) establish a data room (the "**Data Room**") of due diligence materials (the CIM and the materials in the Data Room collectively being the "**Diligence Materials**") that the Company and the Financial Advisor believe may be useful for Potential Bidders. At the same time, the Company shall issue a press release setting out relevant information regarding the SISP with Canada Newswire and such other major news-outlets for dissemination in Canada, major financial centres in the United States and such other international locations as the Company, in consultation with the Financial Advisor and the Monitor, may determine to be reasonably appropriate.

11. As soon as reasonably practicable, the Financial Advisor shall contact the Potential Bidders to introduce the opportunity and to provide a copy of the Teaser Letter to any Potential Bidder that requests a copy thereof. The Monitor shall post a copy of the SISP and the Teaser Letter on the Case Website.

Due Diligence Access

12. In order to participate in the SISP and to be granted access to the Diligence Materials, a Potential Bidder must deliver to the Company, with a copy to the Financial Advisor and the Monitor, at the addresses specified in Appendix "B" hereto (including by email): (i) an executed confidentiality agreement in form and substance satisfactory to the Company ("**Confidentiality Agreement**"), and (ii) an executed acknowledgement of these SISP Procedures in form and substance satisfactory to the Company (the "**SISP Acknowledgment**").

13. All Potential Bidders that have executed and delivered a Confidentiality Agreement and a SISP Acknowledgment in accordance with these SISP Procedures shall be deemed to be a qualified phase I bidder (a "**Qualified Phase I Bidder**") and will be promptly notified of such classification by the Financial Advisor. The Company shall advise the Monitor and the Consenting First Lien Lenders of the list of the Qualified Phase I Bidders, which information shall be maintained strictly confidential.

14. Qualified Phase I Bidders shall be provided with a copy of the CIM and with access to the Phase I Data Room and, if requested by the Qualified Phase I Bidder, such further information as the Company may deem appropriate. The Company (including any of its officers, directors, employees, agents or advisors) makes no representation or warranty as to the accuracy and completeness of the information contained in the Teaser Letter or in the Diligence Materials, except to the extent expressly provided in any definitive sale or investment

agreement with a Successful Bidder executed and delivered by the Company (a "Definitive Agreement").

15. The Company, in consultation with the Financial Advisor and the Monitor, reserves the right to withhold any Diligence Materials that the Company determines, in its sole discretion, is business sensitive or otherwise not appropriate for disclosure to a Potential Bidder who is a competitor or customer of the Company or is affiliated with any competitor or customer of the Company.

LOI Submissions

16. A Qualified Phase I Bidder, if it wishes to submit a bid, must deliver written copies of a non-binding letter of intent (a "Phase I Bid") to the Financial Advisor, with a copy to the Company and the Monitor, at the addresses specified in Appendix "B" hereto (including by email) so as to be received by them no later than 12:00 p.m. (Mountain Time) on May 23, 2018, or such other date or time as may be agreed by the Company, with the consent of the Consenting First Lien Lenders and in consultation with the Financial Advisor and the Monitor (the "Phase I Bid Deadline").

17. A Phase I Bid will be deemed to be a "Qualified Phase I Bid" only if the Phase I Bid complies with all of the following:

(a) it includes:

(i) in the case of an offer to purchase the Business or any or all of the Property, a term sheet describing the terms and conditions of the proposed transaction, including identification of the Business or the Property (including any liabilities to be assumed) proposed to be acquired, the purchase price for the Business or Property proposed to be acquired (the "Purchase Price"), and the structure and financing of the proposed transaction; or

(ii) in the case of an offer to make an investment in the Company, a term sheet describing the terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the pro forma capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Company, the debt, equity or other securities, if any, proposed to be allocated to any secured or unsecured creditors of the Company, the terms of repayment of the Priority Claims, the terms of repayment of all or part of the First Lien Claim Amount and whether and what portion, if any, of the other secured and unsecured creditors of the Company will be paid in cash or other consideration;

(b) it provides for net sale or investment proceeds (exclusive of the Company's cash-on-hand) sufficient to meet the Minimum Consideration Threshold;

(c) it confirms that the Company's existing cash-on-hand at the time of closing shall be excluded from the transaction and shall be available for the Company to satisfy claims of its creditors;

(d) it includes written evidence of the financial ability to consummate the proposed transaction that will allow the Company to make a reasonable determination as to the Qualified Phase I Bidder's financial and other capabilities to consummate the transaction contemplated by the Phase I Bid;

(e) it contains a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;

(f) it contains an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;

(g) it fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid and the complete terms of any such participation;

(h) it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;

(i) it contains such other information as may reasonably be requested by the Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders; and

(j) it is received by the Phase I Bid Deadline.

Assessment of Phase I Bids

18. Pursuant to the terms of the Support Agreement, on the basis that any proposals or bids received pursuant to these SISP Procedures must provide for net sale or investment proceeds (exclusive of the Company's cash-on-hand) sufficient to meet the Minimum Consideration Threshold, the Consenting First Lien Lenders have confirmed that the they will not submit or participate in any proposal or bid other than the Restructuring Transaction and will not amend the terms of the Restructuring Transaction to provide greater consideration or value to outbid other bidders under these SISP Procedures. Accordingly, and on that basis, the Company shall forthwith following the Phase I Bid Deadline provide to the First Lien Advisors and the Consenting First Lien Lenders copies of all of the Phase I Bids received, which information and material shall be kept strictly confidential.

19. The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders: (i) will assess the Phase I Bids received by the Phase I Bid Deadline and determine whether such bids constitute Qualified Phase I Bids; and (ii) may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Phase I Bids, provided that the Company may not waive the requirement contained in paragraph 17(b) hereof.

20. The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, may reject any Phase I Bid if it is determined that such bid does not constitute a Qualified Phase I Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the Company and its creditors and other stakeholders.

21. If it is determined by the Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, that a party that has submitted a Qualified

Phase I Bid (including where compliance with the bid requirements had been waived in accordance with these SISP Procedures) has a bona fide interest in completing a transaction pursuant to these SISP Procedures and such bid has not been rejected pursuant to paragraph 20 hereof, then such party shall be deemed to be a "**Phase II Bidder**".

22. The Financial Advisor shall notify each party that submits a Phase I Bid in writing (including by email or fax transmission) as to whether such party has been determined to be a Phase II Bidder and therefore shall be permitted to proceed to Phase II of the SISP within five (5) Business Days after the Phase I Bid Deadline. The Company shall contemporaneously provide a list of the Phase II Bidders to the Monitor and the Consenting First Lien Lenders which shall be kept strictly confidential.

23. If no Phase II Bidders are selected in accordance with these SISP Procedures, this SISP and these SISP Procedures shall be terminated and the Company, the Consenting First Lien Lenders and the First Lien Agent shall promptly proceed to complete the Restructuring Transaction as contemplated pursuant to the Support Agreement.

<u>Phase II</u>

24. The Financial Advisor, in consultation with the Company and the Monitor, shall allow each Phase II Bidder such further access to due diligence materials and information, including the Phase II Data Room, management presentations and site visits, subject to compliance with health, safety and security measures reasonably required by the Company, as the Financial Advisor, in consultation with the Company and the Monitor, deems appropriate, taking into account the Company's reasonable business judgement and subject to competitive and other business considerations.

25. A Phase II Bidder that wishes to make a formal offer to purchase or make an investment in the Company or its Property and Business shall submit a binding offer (a "**Phase II Bid**") to the Financial Advisor, with a copy to the Company and the Monitor, at the addresses specified in Appendix "B" hereto (including by email) so as to be received by them no later than 12:00 p.m. (Mountain Time) on June 20, 2018, or such other date or time as may be agreed by the Company, with the consent of the Consenting First Lien Lenders and in consultation with the Financial Advisor and the Monitor (the "**Phase II Bid Deadline**").

26. A Phase II Bid shall be a "**Qualified Phase II Bid**" (and such Phase II Bidder shall be a "**Qualified Phase II Bidder**") only if the Phase II Bid meets all of the following criteria:

(a) it complies with all of the requirements in respect of Qualified Phase I Bids, other than the requirements set out in paragraphs 17(e), 17(f) and 17(j) hereof, and, for greater certainty, it (i) provides for net sale or investment proceeds (exclusive of the Company's cash-on-hand) sufficient to meet the Minimum Consideration Threshold and (ii) confirms that the Company's existing cash-on-hand at the time of closing shall be excluded from the transaction and shall be available for the Company to satisfy claims of its creditors;

(b) it includes a letter stating that the offer is irrevocable until the earlier of (i) the approval of a Successful Bid by the Court in accordance with these SISP Procedures and (ii) thirty (30) calendar days following the Phase II Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

(c) it includes written evidence of a firm commitment for all required financing, or other evidence of the financial ability to consummate the proposed transaction, that will allow the Company, in consultation with the Financial Advisor, the

Monitor and the Consenting First Lien Lenders, to make a reasonable determination as to the Qualified Phase II Bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

(d) it is not conditioned on (i) the outcome of unperformed due diligence and/or (ii) obtaining financing;

(e) it includes an acknowledgement and representation that the Phase II Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly provided in a Definitive Agreement;

(f) it includes evidence, in form and substance reasonably satisfactory to the Company, of authorization and approval from the Phase II Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid, and identifies any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;

(g) it is accompanied by a refundable deposit (the "Deposit") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 10% of that total consideration in the Phase II Bid, which Deposit is to be held and dealt with in accordance with these SISP Procedures;

(h) the bid is in the form of duly authorized and executed transaction agreements, and in the case of:

   (i) a purchase proposal, the bid includes an executed Definitive Agreement, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by the Company), together with a blackline against the draft form of Definitive Agreement which shall be prepared by the Company and posted in the Data Room; and

   (ii) an investment proposal, the bid includes the draft transaction documents contemplated to effect the investment proposal, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by the Company);

(i) it contains such other information as may reasonably be requested by the Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders; and

(j) it is received by the Phase II Bid Deadline.

Selection of Successful Bid(s)

27. Forthwith following the Phase II Bid Deadline, the Company shall distribute copies of the Phase II Bids received to the First Lien Advisors and the Consenting First Lien Lenders which Phase II Bids shall be kept strictly confidential. The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, will assess the Phase II Bids received by the Phase II Bid Deadline and determine, within five (5) Business Days of the Phase II Bid Deadline or such other date as may be agreed to by the Company with the consent of the Consenting First Lien Lenders and in consultation with the Financial Advisor and the Monitor, whether such bids constitute Qualified Phase II Bids. The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Phase II Bids, provided that the Company may not waive the requirement contained in paragraph 17(b) hereof. If no Qualified Phase II Bids have been received in accordance with these SISP Procedures, the SISP shall be terminated and the Company, the Consenting First Lien Lenders and the First Lien Agent shall promptly complete the Restructuring Transaction.

28. The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, reserves the right to (i) request that certain Qualified Phase II Bidders who have submitted Qualified Phase II Bids revisit their proposals, or (ii) commence an auction process with respect to multiple Qualified Phase II Bids, pursuant to procedures approved by the Company, with the consent of the Consenting First Lien Lenders and in consultation with the Financial Advisor and the Monitor, that shall be distributed to Qualified Phase II Bidders selected by the Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, to participate in such auction at least five (5) Business Days in advance of the proposed start time for the auction.

29. The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, may identify the most favourable of the Qualified Phase II Bids (the "**Successful Bid**"). The Company, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, shall then proceed to negotiate and settle the terms and conditions of a Definitive Agreement in respect of a Successful Bid, all of which shall be conditional upon Court approval and also conditional on the Successful Bid closing within thirty (30) calendar days after execution of the Successful Bid, or such longer period as shall be agreed to by the Company, with the consent of the Consenting First Lien Lenders and in consultation with the Financial Advisor and the Monitor. If a Definitive Agreement has been negotiated and settled in respect of a Successful Bid, the person(s) who made the Successful Bid shall be the "**Successful Bidder**" hereunder.

30. Subject to the requirements to complete the Restructuring Transaction in accordance with the terms hereof and the Support Agreement (as applicable), and notwithstanding anything else herein, the Company shall be under no obligation to accept the highest or best offer or any offer and the selection of a Successful Bidder pursuant to this SISP shall be entirely in the discretion of the Company, after consultation with the Monitor.

Court Approval

31. If a Successful Bid is identified in accordance with paragraph 29 hereof, the Company shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Bid and authorizing the Company to enter into a Definitive Agreement with the Successful Bidder and any and all necessary further instruments and agreements with respect to the Successful Bid, as well as an order, if applicable, vesting title to purchased property in the name of the

Successful Bidder. The Approval Motion will be held on or about July 17, 2018 upon application by the Company and may be adjourned or rescheduled by the Company without further notice.

32. All Qualified Phase II Bids (other than a Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

Deposits

33. All Deposits shall be retained by the Monitor and deposited in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the Purchase Price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Phase II Bidders not selected as a Successful Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which the SISP is terminated in accordance with these SISP Procedures.

Approvals

34. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, or any other statute or as otherwise required at law in order to implement or complete a Successful Bid.

No Amendment

35. There shall be no amendments to this SISP, including for greater certainty the process and procedures set out herein, without the consent of the Company, the Consenting First Lien Lenders and the Monitor.

"As Is, Where Is"

36. Any sale of the Business or any or all of the Property or any investment in the Company will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Company, the Financial Advisor or the Monitor or any of their directors, officers, employees, advisors, agents or estates, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Company. None of the Company, the Financial Advisor or the Monitor make any representation or warranty as to the accuracy or completeness of the information contained in the Teaser Letter or Diligence Materials, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Company.

Free Of Any And All Claims And Interests

37. In the event of a sale of Property, to the extent permitted by law, all of the rights, title and interests of the Company in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests on or against the Property (collectively, the "**Claims and Interests**") pursuant to a Court order made under section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a Definitive Agreement with a Successful Bidder.

38. An investment in the Company may include one or more of the following: a restructuring, refinancing, recapitalization or other form of reorganization of the business and affairs of the Company as a going concern, a sale of all or some of the Property to a newly formed entity on terms contemplated in the above paragraph or a plan of compromise or arrangement pursuant to the CCAA or any applicable corporate legislation which compromises the Claims and Interests as set out therein.

No Obligation to Conclude a Transaction

39. The Company has no obligation to agree to conclude a sale or investment arising out of the SISP (other than the Restructuring Transaction in accordance with the terms hereof and the Support Agreement), and it reserves the right and unfettered discretion to reject any other offer or other proposal made in connection with the SISP. In addition, at any time during these SISP Procedures, the Company, with the consent of the Consenting First Lien Lenders and in consultation with the Monitor, may determine to terminate these SISP Procedures, and shall provide notice of such a decision to any Qualified Phase I Bidders or Qualified Phase II Bidders, as applicable.

Further Orders

40. At any time during the SISP, the Company may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"

SISP Definitions

"**Approval Motion**" has the meaning given to such term in paragraph 31 hereof.

"**Business**" has the meaning given to such term in paragraph 7 hereof.

"**Business Day**" means a day, other than a Saturday, Sunday, or a day on which banks in Calgary, Alberta are authorized or obligated by applicable law to close or otherwise are generally closed.

"**Case Website**" means www.ey.com/ca/connacheroilandgas.

"**Cassels**" means Cassels Brock & Blackwell LLP, legal counsel to the Company.

"**CCAA**" has the meaning given to such term in paragraph 1 hereof.

"**CIM**" has the meaning given to such term in paragraph 10 hereof.

"**Claims and Interests**" has the meaning given to such term in paragraph 37 hereof.

"**Company**" has the meaning given to such term in paragraph 1 hereof.

"**Confidentiality Agreement**" has the meaning given to such term in paragraph 12 hereof.

"**Consenting First Lien Lenders**" has the meaning given to such term in paragraph 2 hereof.

"**Court**" has the meaning given to such term in paragraph 1 hereof.

"**Data Room**" has the meaning given to such term in paragraph 10 hereof.

"**Definitive Agreement**" has the meaning given to such term in paragraph 14 hereof.

"**Deposit**" has the meaning given to such term in paragraph 26(g) hereof.

"**Diligence Materials**" has the meaning given to such term in paragraph 10 hereof.

"**Financial Advisor**" means Houlihan Lokey Capital, Inc., financial advisor to the Company.

"**First Lien Advisors**" means Bennett Jones LLP and PricewaterhouseCoopers Inc.

"**First Lien Agent**" has the meaning given to it in the definition of First Lien Claim Amount.

"**First Lien Claim Amount**" means the aggregate of all amounts owing under the first lien credit agreement dated May 23, 2014 between, among others, the Company, the lenders party thereto (the "**First Lien Lenders**"), and Wilmington Trust National Association, as successor administrative agent for the lenders (the "**First Lien Agent**"), as amended by amendment no. 1 dated as of May 8, 2015, and all related loan documents (the "**First Lien Credit Agreement**").

"**First Lien Credit Agreement**" has the meaning given to it in the definition of First Lien Claim Amount.

"**First Lien Lenders**" has the meaning given to it in the definition of First Lien Claim Amount.

"**Initial Order**" has the meaning given to such term in paragraph 1 hereof.

"**Minimum Consideration Threshold**" means (i) cash consideration of CDN$90,000,000.00; plus (ii) cash consideration sufficient to indefeasibly pay all Priority Claims, exclusive of the Company's cash-on hand.

"**Monitor**" means Ernst & Young Inc., in its capacity as court-appointed monitor of the Company in the CCAA proceeding.

"**Phase I Bid**" has the meaning given to such term in paragraph 16 hereof.

"**Phase I Bid Deadline**" has the meaning given to such term in paragraph 16 hereof.

"**Phase II Bid**" has the meaning given to such term in paragraph 25 hereof.

"**Phase II Bid Deadline**" has the meaning given to such term in paragraph 25 hereof.

"**Phase II Bidder**" has the meaning given to such term in paragraph 21 hereof.

"**Potential Bidder**" has the meaning given to such term in paragraph 10 hereof.

"**Priority Claims**" means all claims in the Company's CCAA proceeding ranking *pari passu* or in priority to the First Lien Claim Amount.

"**Property**" has the meaning given to such term in paragraph 7 hereof.

"**Purchase Price**" has the meaning given to such term in paragraph 17(a) hereof.

"**Qualified Phase I Bid**" has the meaning given to such term in paragraph 17 hereof.

"**Qualified Phase I Bidder**" has the meaning given to such term in paragraph 13 hereof.

"**Qualified Phase II Bidder**" has the meaning given to such term in paragraph 26 hereof.

"**Restructuring Transaction**" has the meaning given to such term in paragraph 3 hereof

"**SISP**" has the meaning given to such term in paragraph 2 hereof.

"**SISP Acknowledgment**" has the meaning given to such term in paragraph 12 hereof.

"**SISP Procedures**" has the meaning given to such term in paragraph 5 hereof.

"**Successful Bid**" has the meaning given to such term in paragraph 29 hereof.

"**Successful Bidder**" has the meaning given to such term in paragraph 29 hereof.

"**Superior Transaction**" means a sale of the Business or any or all of the Property or an investment in the Company which is, among other things, acceptable to the Company and provides net sale or investment proceeds (exclusive of the Company's cash-on-hand) of at least the Minimum Consideration Threshold.

"**Support Agreement**" has the meaning given to such term in paragraph 2 hereof

"**Teaser Letter**" has the meaning given to such term in paragraph 10 hereof.

Appendix "B"

Addresses for Notices

If to the Financial Advisor:

Houlihan Lokey
100 Crescent Ct.
Suite 900
Dallas, TX 75201
United States
Attention: Brett Lowrey
Email: BLowrey@HL.com
CC: JHanson@HL.com; JZammit@HL.com; KTholen@HL.com

If to the Company:

Connacher Oil and Gas Limited
Suite 1040, 640 5th Avenue SW
Calgary, Alberta, Canada
T2P 3G4
Attention: Suzanne Loov
Email: SLoov@Connacheroil.com

With a copy to:

Cassels Brock & Blackwell LLP
Suite 1250, Millennium Tower
440 – 2nd Avenue SW
Calgary, Alberta, Canada
T2P 5E9
Attention: Ryan Jacobs and Joseph Bellissimo
Email: rjacobs@casselsbrock.com and jbellissimo@casselsbrock.com

If to the Monitor:

Ernst & Young Inc.
Suite 2200, 215 2nd Street SW
Calgary, Alberta, Canada
T2P 1M4
Attention: Neil Narfason and Peter Chisholm
Email: neil.narfason@ca.ey.com and peter.chisholm@ca.ey.com

With a copy to:

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary, Alberta T2P 4K9
Attention: Sean Collins and Walker MacLeod
Email: scollins@mccarthy.ca and wmacleod@mccarthy.ca