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	**AFFIDAVIT OF JEFF BEESTON (PLAN SANCTION ORDER)**
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 E. Levine Tel: 403-351-2920 Fax: 403-648-1151 rjacobs@casselsbrock.com jbellissimo@casselsbrock.com nlevine@casselsbrock.com

Clerk's Stamp

CLERK OF THE COURT
FILED
SEP 24 2018
CALGARY, ALBERTA

AFFIDAVIT OF JEFF BEESTON
Sworn on September 24, 2018

I, Jeff Beeston, of Calgary, Alberta, **MAKE OATH AND SAY THAT:**

1. I am the Chief Financial Officer of Connacher Oil and Gas Limited ("**Connacher**"). As such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. I make this Affidavit in support of Connacher's application (the "**Application**") for an order substantially in the form attached as Schedule "A" to the Application (the "**Sanction Order**"), *inter alia*:

(a) declaring that the meetings of creditors (the "**Creditors' Meetings**") held on October 3, 2018 were duly convened and held, all in accordance with the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the Creditors' Meetings Order granted August 22, 2018 (the "**Creditors' Meetings Order**");

(b) sanctioning and approving the Amended and Restated Plan of Compromise and Arrangement dated August 13, 2018 (as may be further amended from time to time pursuant to the terms thereof, the "**Plan**") and granting the ancillary relief requested in the Sanction Order; and

(c) extending the CCAA stay of proceedings until the earlier of (i) the filing of the Monitor's Certificate and (ii) January 31, 2019.

3. Where I use capitalized terms in this Affidavit, but do not define them, I intend them to have the meanings given to them in the Plan unless otherwise stated. A copy of the Plan is attached hereto as **Exhibit "A"**. All references to dollar amounts contained herein are to Canadian dollars unless otherwise stated.

4. The information in this Affidavit is arranged under the following headings:

I. Overview of the Application

5. At an unopposed application heard on August 22, 2018, Connacher sought, and this Honourable Court granted, three orders:

(a) the Creditors' Meetings Order;

(b) an order, *inter alia*, approving the solicitation of certain Claims against Connacher and its Directors and Officers (the "**Supplemental Claims Procedure Order**"); and

(c) an order, *inter alia*, approving and authorizing Connacher's entry into a Purchase and Sale Agreement dated August 2, 2018 (the "**Purchase Agreement**") between Connacher and East River Oil and Gas Ltd. (the "**Plan Sponsor**"), and in the event of a CCAA Plan Termination Event (as defined in the Purchase Agreement), authorizing the sale and vesting of Connacher's assets in and to the Plan Sponsor free and clear of all encumbrances (the "**Approval and Vesting Order**").

6. These orders created a framework for Connacher to implement either (i) a CCAA plan transaction (the "**Plan Transaction**") pursuant to the terms of the Plan Sponsorship Agreement dated August 2, 2018 between Connacher and the Plan Sponsor, as amended (the "**Plan Sponsorship Agreement**") and the Plan, or (ii) an alternative asset purchase transaction (the "**Purchase Transaction**" and together with the Plan Transaction, the "**Plan Sponsor Transactions**"), and in either case transfer its business to the Plan Sponsor. The Plan Sponsor Transactions are described in detail in the affidavit of Merle Johnson sworn on August 13, 2018 in support of Connacher's application heard on August 22, 2018 (the "**August 13 Johnson Affidavit**"), which is attached hereto (without exhibits) as **Exhibit "B"**.

7. The Plan Sponsor Transactions are the successful bid resulting from the implementation of a sale and investment solicitation process (the "**SISP**") that was approved by the Court on March 28, 2018 and carried out with the assistance of the Monitor and Connacher's Court-approved financial advisor, Houlihan Lokey Capital, Inc. (the "**Financial Advisor**").

8. The Creditors' Meetings are scheduled for October 3, 2018 and, if the Plan is approved by the Required Majorities in accordance with the Creditors' Meetings Order, Connacher will seek the Sanction Order on October 4, 2018. I am advised by the Monitor that the Monitor will serve a report detailing the results of the Creditors' Meetings prior to the hearing of Connacher's Application.

9. In the event that the Required Majorities do not approve the Plan at the Creditors' Meetings, or upon the occurrence of another CCAA Plan Termination Event, Connacher and the Plan Sponsor will proceed to complete the Purchase Transaction in accordance with the Purchase Agreement and the Approval and Vesting Order.

10. Should the Plan Sponsor and Connacher be unable to complete either the Plan Transaction or the Purchase Transaction, Connacher intends to return to this Court to seek an order approving a credit bid transaction (the "**Credit Bid Transaction**") pursuant to the terms of the Support Agreement (as it may be amended from time to time, the "**Support Agreement**") among Connacher, the First Lien Agent and certain of the First Lien Lenders (the "**Consenting First Lien Lenders**") holding in excess of 75% of the principal amount of debt outstanding under the First Lien Credit Agreement dated as of May 23, 2014, as amended (the "**First Lien Credit Agreement**").

11. Connacher's Application is supported by the Monitor, the First Lien Agent and the Consenting First Lien Lenders, and the Plan Sponsor.

II. Background

12. On May 17, 2016, the Honourable Madam Justice Dario granted the Initial Order, which provided for, among other things, a stay of proceedings up to and including June 16, 2016, which has most recently been extended by this Honourable Court through and including October 31, 2018 (the "**Stay Period**").

13. On March 28, 2018, this Honourable Court approved Connacher's entry into the Support Agreement and the terms of the SISP.

14. The results of the SISP and the background leading up to the August 22, 2018 application are described in (i) the August 13 Johnson Affidavit, and in (ii) the 17th Report of the Monitor dated August 17, 2018 (the "**17th Report**").

III. Claims Procedures

15. Pursuant to the Claims Procedure Order dated August 24, 2016 (the "**Initial Claims Procedure Order**"), Connacher conducted an initial claims process to identify claims against Connacher and its Directors and Officers.

16. The Supplemental Claims Procedure Order dated August 22, 2018 was designed to assist with implementation of a transaction by identifying secured claims required to be paid under the Plan, certain employee and contractor claims arising post-filing, Post-Filing D&O Claims, and Post-Filing Claims.

17. Connacher has provided the Monitor with the information required under the Supplemental Claims Procedure Order. I am advised by the Monitor that it has provided the notices and claims packages contemplated under the Supplemental Claims Procedure Order.

18. I am also advised by the Monitor that as at 1:00 p.m. on September 19, 2018 (the "**Supplemental Claims Bar Date**"):

    (a) 2 proofs of claim were received alleging Secured Claims as follows:

        (i) The Regional Municipality of Wood Buffalo ("**Wood Buffalo**") submitted a proof of claim asserting a Secured Claim in the amount of $13,957,811.63 in respect of municipal property taxes. With the support of the Monitor and the Consenting First Lien Lenders, Connacher and Wood Buffalo have entered into a settlement resolving the Wood Buffalo claim. Connacher is seeking court approval of the settlement by way of a separate application which will be heard in conjunction with this Application. Pursuant to the terms of the settlement, Connacher shall pay Wood Buffalo $8,000,000 in full satisfaction of all claims of Wood Buffalo, other than amounts that constitute an Unaffected Municipal Tax Claim under the Plan. The detailed terms of the settlement are described in a separate affidavit to be filed in connection with that application; and

        (ii) The Second Lien Trustee submitted a proof of claim asserting a Secured Claim in the amount of $178,576.19 in respect of fees of the Second Lien Trustee and its counsel (the "**Second Lien Trustee Proof of Claim**"). Connacher and the Monitor are in the process of reviewing and assessing the Second Lien Trustee Proof of Claim. Pursuant to the terms of the Supplemental Claims Procedure Order, Connacher must also obtain the consent of the Majority Consenting First Lien Lenders prior to accepting, admitting, settling, resolving, valuing, revising or rejecting this claim;

    (b) no proofs of claim were received alleging Post-Filing D&O Claims; and

    (c) no notices of dispute were received in respect of Non-Continuing Employee Claims.

19. Pursuant to the Supplemental Claims Procedure Order, the Post-Filing Claims Bar Date is October 1, 2018. The information obtained and verified through the Post-Filing Claims process will be used to calculate Existing Cash (as described in further detail below) pursuant to the Plan.

IV. The Plan Transaction

A. Plan Sponsorship Agreement

20. The Plan Sponsorship Agreement, which was approved by the Court pursuant to the Creditors' Meetings Order, sets out the framework for implementing the Plan, including establishing certain deadlines and regulatory approvals.

21. The Plan Sponsorship Agreement provides that, in the event the transaction is effected through the Plan:

    (a) the Plan Sponsor will subscribe for and purchase 1,000 common shares of Connacher for a subscription price of $113.5 million (the "**Plan Sponsored Funds**");

    (b) at least two (2) Business Days prior to the Effective Time, the Plan Sponsor will pay the balance of the Plan Sponsored Funds (net of the deposit) to the Monitor;

    (c) on or prior to the Effective Date, Connacher shall transfer the Cash on Hand[1] up to the amount of the Existing Cash to the Monitor;

    (d) prior to the Effective Date, to the extent the Cash on Hand is less than Existing Cash, the Plan Sponsor shall pay the Cash Adjustment Amount to the Monitor; and

    (e) the Plan Sponsored Funds and the Cash Adjustment Amount, if any, together with the Existing Cash, will be held in escrow by the Monitor and released into the Plan Implementation Fund to be distributed in accordance with the Plan.

22. The Plan Sponsorship Agreement requires that Connacher obtain the Sanction Order by October 5, 2018.

23. The Plan Sponsorship Agreement obligates the Plan Sponsor to take steps, at its expense, to obtain any necessary approvals for the transaction from the Commissioner of Competition (Canada) (the "**Competition Act Approval**"). I am advised by counsel to the Plan Sponsor that it expects to make the applicable submissions for Competition Act Approval before this Application is heard.

24. Similarly, certain approvals from three government agencies in the People's Republic of China (the "**PRC Approvals**") are required for the Plan Sponsor to complete either form of the Plan Sponsor Transactions. I am advised by counsel to the Plan Sponsor that the applications for the first two PRC Approvals have been submitted but the applicable regulators have not yet rendered their decisions. As set out in the Plan Sponsorship Agreement, after receipt of the first two PRC Approvals, the Plan Sponsor will seek the third PRC Approval to complete the transaction.

25. Subsequent to the execution of the Plan Sponsorship Agreement, on August 17, 2018, Connacher and the Plan Sponsor entered into a letter agreement (the "**Extension Agreement**") extending the outside date for implementation of the Plan Transaction (the

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[1] The Cash on Hand means all cash and cash equivalents held by Connacher, including funds being held as "Shut Down Restricted Cash" pursuant to the Initial Order and funds held by ATB Financial as security for the obligations owing under the ATB Credit Facilities. Cash on Hand excludes funds held on deposit or in escrow in respect of Directors or Officers insurance policies.

"**Outside Date**") or the Purchase Transaction (the "**Outside Date for Closing**"), as applicable, from October 31, 2018 to November 15, 2018, and agreed that the Plan Transaction or Purchase Transaction will not close prior to November 8, 2018.

B. Plan

26. This section provides a brief summary of the Plan and the distributions contemplated thereunder.

27. The Plan provides for two voting classes of creditors:

    (a) the First Lien Lender Class, comprised of the First Lien Lenders; and

    (b) the General Creditor Class, comprised of all other Affected Creditors, other than holders of Priority Secured Claims, Employee Priority Claims, Crown Priority Claims and Equity Claims. The General Creditor Class includes Connacher's general unsecured creditors, as well as holders of First Lien Deficiency Claims, holders of Second Lien Claims and holders of Non-Continuing Employee Claims. The amounts for the First Lien Claims and the Second Lien Claims include interest through October 31, 2018.

28. Pursuant to the Plan, the Monitor will hold the Plan Implementation Fund from which it will create two pools for distribution to creditors in the applicable classes: the First Lien Lender Pool and the General Creditor Pool.

First Lien Lender Pool

29. Upon implementation of the Plan, the Monitor will distribute the funds comprising the First Lien Lender Pool to the First Lien Agent. The First Lien Lender Pool is to be the amount of the Plan Implementation Fund after deducting the following amounts:

    (a) the amount required to satisfy the CCAA Charges. The CCAA Charges include the Administration Charge, the Directors' Charge, the KERP/LTIP Charge, the ATB Charge, the Financial Advisor Charge, and the KEIP Charge. An estimate of the amount required to satisfy each of the CCAA Charges (including the amount of the Financial Advisor Charge which reflects amounts expected to be owing pursuant to an amended engagement letter dated as of August 2, 2018) was included in the previously filed confidential supplement to the 17th Report;

    (b) the amount, if any, required to be held in the Directors' Charge Claims Reserve, which is a reserve established to ensure that all claims which would be secured by the Directors' Charge will be paid in full. All of the D&O Claims filed pursuant to Initial Claims Procedure Order have been resolved or withdrawn and, as noted above, no Post-Filing D&O Claims were filed by the Supplemental Claims Bar Date. Accordingly, at this time, Connacher does not expect that any funds will be 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, which is a reserve established to account for employee retention and incentive payments disputed by Connacher until such disputes are determined;

    (d) the amount of $1 million required to be held in the Administrative Reserve Fund, which is to be held by the Monitor to account for the reasonable fees and disbursements of advisors retained by Connacher and the Monitor and other reasonable costs and expenses incurred by such parties in connection with implementing the Plan and winding up the CCAA Proceeding;

(e) the amount required to satisfy Priority Secured Claims, which are accepted Secured Claims determined to rank in priority to the First Lien Claim. Assuming the settlement with Wood Buffalo (discussed above) is approved by this Honourable Court and implemented in accordance with its terms, currently the only remaining potential Priority Secured Claim is the claim asserted in the Second Lien Trustee Proof of Claim (discussed above), which Connacher and the Monitor are currently reviewing;

(f) the amount, if any required to be held in the Priority Secured Claims Reserve, which is a reserve established to account for Secured Claims that are Alleged Priority Secured Claims and remain in dispute. As set forth above, currently the only potential Alleged Priority Secured Claim which could remain in dispute is the claim asserted in Second Lien Trustee Proof of Claim (discussed above), which Connacher and the Monitor are currently reviewing;

(g) the amount required to satisfy Crown Priority Claims that were outstanding on the Filing Date or related to the period ending on the Filing Date. Connacher believes there are no outstanding Crown Priority Claims and estimates that this amount will be zero;

(h) the amount required to satisfy Employee Priority Claims. Connacher and the Monitor will only be able to calculate the amount, if any, of Employee Priority Claims closer to the Effective Date;

(i) the amount of $450,000 to be held in the Emkay Reserve in the event that the Alleged Emkay Claim remains in dispute and is not resolved. With the support of the Monitor and the Consenting First Lien Lenders, Connacher and Emkay settled the Alleged Emkay Claim in exchange for payment of $270,000 by Connacher to Emkay. Accordingly, no amounts will be required to be held in the Emkay Reserve; and

(j) the amount required to establish the General Creditor Pool for the benefit of the General Creditor Class, being $500,000 plus the amount necessary to satisfy all Convenience Class Claims.

30. If it is determined in accordance with the Plan that the reserves discussed above have excess funds after the required payments have been made, such excess funds will be added to the First Lien Lender Pool and one or more additional distributions will be made.

General Creditor Pool

31. The General Creditor Pool will consist of $500,000 plus the amount necessary to satisfy all Convenience Class Claims, being claims equal to or less than $2,000 and the claims of all General Creditors with claims greater than $2,000 who make a distribution election ("**Distribution Election**") to receive $2,000 in full and final satisfaction of their claim. Pursuant to the Creditors' Meetings Order, General Creditors have until 5:00 on October 1, 2018 to make a Distribution Election. I am advised by the Monitor that it will provide an update on the number of creditors making a Distribution Election in its report following the Creditors' Meetings.

32. 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.

Treatment of Equity Claims

33. Existing Shareholders and holders of Equity Claims shall not be entitled to receive any distributions under the Plan and all Equity Claims in Connacher shall be forever cancelled and extinguished on the Effective Date for no consideration.

Unaffected Claims

34. The Plan will compromise only the Affected Claims as set out therein. Unaffected Claims that will not be compromised pursuant to the Plan include:

(a) certain post-filing claims in respect of services rendered or supplies provided to Connacher during the period beginning on the Filing Date and ending on the day immediately preceding the Effective Date;

(b) claims against Directors that were preserved pursuant to the Initial Claims Procedure Order or the Supplemental Claims Procedure Order, but pursuant to section 5.1(2) of the CCAA cannot be compromised. No such claims have been identified pursuant to the Initial Claims Procedure Order or the Supplemental Claims Procedure Order;

(c) certain claims that were preserved pursuant to the Initial Claims Procedure Order or the Supplemental Claims Procedure Order but, pursuant to section 19(2) of the CCAA, cannot be compromised;

(d) Insured Claims for which an Insured Claim Option Notice has been delivered to the Monitor by September 28, 2018 in accordance with the terms of the Plan, indicating that the holder of such Claim has elected to assert its claim against an insurance policy held by Connacher;

(e) any indebtedness owing by Connacher to BEH pursuant to the terms of the BEH Royalty Agreement;

(f) other than as set out in the Plan, any indebtedness owing by Connacher to ATB under or pursuant to the ATB Credit Facilities; and

(g) the Unaffected Municipal Tax Claims.

35. The steps required to implement the Plan are set out in Schedule "A" to the Plan.

36. If the relief requested on Connacher's Application is granted, the remaining conditions precedent to the implementation of the Plan include:

(a) the satisfaction of certain conditions in the Plan Sponsorship Agreement, including receipt of the PRC Approvals and the Competition Act Approval;

(b) Connacher shall have complied with all provisions of the Support Agreement;

(c) the Monitor shall have received the Plan Sponsored Funds and the Cash Adjustment Amount, if any, from the Plan Sponsor and the Existing Cash from Connacher;

(d) no injunction or other order shall have been issued to restrict the transactions contemplated by the Plan and the Plan Sponsorship Agreement; and

(e) all necessary corporate actions shall have been taken and all agreements and other documents shall have been executed and delivered.

Releases

37. The Plan and the proposed Sanction Order contain broad releases in favour of Connacher, Connacher's Directors and Officers, the Financial Advisor, and Connacher's advisors (collectively with Connacher, the "**Connacher Released Parties**"), and certain third parties including the Monitor, the Plan Sponsor, the First Lien Agent, the Consenting First Lien Lenders, the Collateral Trustee, the Second Lien Trustee, and their respective advisors (collectively, the "**Third Party Released Parties**" and together with the Connacher Released Parties, the "**Released Parties**").

38. I am advised by counsel that the releases are intended to protect the Released Parties from claims any Affected Creditor or other Person may bring in connection with acts taking place on or prior to the Effective Time relating to or otherwise in connection with Connacher's business and operations, Connacher's property and assets, the Affected Claims, the Plan, the Support Agreement, the Equity Claims and the Existing Shares, contracts disclaimed in the CCAA proceedings, any restructuring transaction in respect of which the Released Parties had any role, liabilities of the Directors and Officers including Claims that may be made against the Directors or Officers where by law such Directors of Officers may be liable in such capacities, or any Claim that has been barred or extinguished by the Initial Claims Procedure Order or the Supplemental Claims Procedure Order, and at the Effective Time Connacher is deemed to release and forever discharge every other Released Party from such claims, other than as set forth in the Plan.

39. The Released Parties have made significant contributions to Connacher's restructuring. The releases are an integral part of the Plan and are fair and equitable in the circumstances for the reasons set forth below.

Connacher Released Parties

40. The Connacher Released Parties have made critical contributions to the development and implementation of Connacher's restructuring. With the help of its Advisors (as defined below), Connacher has taken steps to preserve the going concern value of the business throughout the CCAA Proceeding and has created a viable restructuring plan (with multiple potential back-up transactions) that benefits its stakeholders.

41. I have been involved in extensive efforts to implement a restructuring of Connacher's business and operations over the last two years. The special committee (the "**Special Committee**") of the Board of Directors (comprised of four independent directors), with the assistance of the Advisors, has been charged with overseeing, directing and developing the potential restructuring options. With respect to the Plan Sponsor Transactions, the Special Committee conducted multiple meetings to provide guidance on the negotiations with the Plan Sponsor, taking into account the feedback from the

Consenting First Lien Lenders and the Monitor. The Special Committee has benefitted from the assistance of its professional legal and financial advisors and has considered the options available to Connacher in light of its responsibilities. The Special Committee has made recommendations, which have been adopted by the Board of Directors and acted upon by Connacher's management, including its recommendations that Connacher enter into the Plan Sponsorship Agreement and seek approval of the Plan. I believe that the Special Committee and the Board of Directors as a whole were instrumental in formulating and executing the Plan Sponsorship Agreement and the Purchase Agreement and establishing a path to a successful restructuring.

42. Connacher's Officers have invested significant time and effort into advancing the restructuring and maximizing the value of the business, including negotiating the terms of the BEH Royalty Agreement and continuing to operate the business through a challenging economic environment. The Officers have also played a key role in negotiating the Plan Sponsor Transactions and supporting documents, including the Plan, and have worked in close coordination with the Monitor throughout the CCAA Proceeding to ensure that the Monitor was able to perform its statutory duties.

43. Connacher's professional advisors, including its Canadian legal counsel (Cassels Brock & Blackwell LLP ("**Cassels**")), its U.S. legal counsel (Akin Gump Strauss Hauer & Feld LLP ("**Akin Gump**")) and the Financial Advisor (collectively, the "**Advisors**") have contributed their professional expertise to assist with structuring and negotiating the terms of the Plan Sponsorship Agreement and the Plan, in addition to their general advice and advocacy throughout the CCAA proceeding.

44. I believe that it is appropriate to include the release in favour of the Connacher Released Parties, since their contributions were and are critical for recoveries for all stakeholders. Without the support and contributions of the Connacher Released Parties, which would not have been provided without the expectation and condition of receiving a release, such contributions would not have been possible.

Third Party Released Parties

45. The Third Party Released Parties have played integral roles in contributing to the Plan and the CCAA Proceeding and I believe that the releases are appropriate for the following reasons:

(a) The First Lien Agent and Consenting First Lien Lenders have supported Connacher throughout its CCAA proceeding. Certain of the First Lien Lenders acted as the interim lenders at the commencement of this proceeding, allowing Connacher an initial runway to determine the appropriate path forward. More recently, the First Lien Agent and the Consenting First Lien Lenders executed the Support Agreement and provided a stalking horse bid, which created necessary competitive tension in the SISP. Moreover, although the First Lien Agent and Consenting First Lien Lenders negotiated certain consent rights in the Support Agreement, they have exercised such rights in a manner that has been commercial and constructive in this CCAA Proceeding. Absent the support of the Consenting First Lien Lenders, the Plan could not receive requisite creditor approval at the Creditors' Meetings. The Consenting First Lien Advisors have provided professional advice to the First Lien Agent and Consenting First Lien Lenders to allow them to participate constructively in this Proceeding. The release in favour of these parties is a requirement for the First Lien Agent and the

Consenting First Lien Lenders' support for the Plan, and is consistent with the release Connacher agreed to seek in favour of the Consenting First Lien Lenders and the First Lien Agent pursuant to the previously approved Support Agreement;

(b) Ernst & Young Inc., appointed as Monitor upon the commencement of the CCAA Proceeding, is a Court-appointed officer who has professionally carried out its mandate, has been integrally involved in the development of the Plan, and will be administering certain distributions contemplated under the Plan on behalf of and for the benefit of Connacher. I am advised by counsel that it is customary for Court officers such as the Monitor to be granted a release in these circumstances;

(c) The Plan Sponsor has entered into the Plan Sponsorship Agreement and negotiated the terms of the Plan. In the event that the Plan is approved by the Required Majorities of Connacher's Affected Creditors, sanctioned by this Honourable Court, and implemented, the Plan Sponsor will become the new owner of Connacher, continuing Connacher's business to the benefit of its employees, customers and suppliers. The Plan Sponsor Counsel has participated in important negotiations and provided advice to the Plan Sponsor with respect to the Plan and the Plan Sponsor Transactions. Because the Plan Sponsor will be the new owner of Connacher, a release of the Plan Sponsor and its counsel is necessary and appropriate to give effect to the "fresh start" principles of the CCCA. The release in favour of the Plan Sponsor and the Plan Sponsor Counsel was a requirement for the Plan Sponsor's execution of the Plan Sponsorship Agreement and was agreed to by Connacher as a negotiated term of the Plan Transaction; and

(d) The Collateral Trustee, Second Lien Trustee, and First Lien Agent are professionals providing administrative and supportive services in connection with Connacher's arrangements with its lenders, and have assisted in fulfilling important administrative duties throughout the CCAA Proceeding. I am advised by counsel that it is customary for parties fulfilling these roles to be granted a release in these circumstances.

46. In summary, the Released Parties have made significant and often critical contributions to the development and implementation of Connacher's restructuring and generating recoveries for each class of its Affected Creditors. If the Plan is approved by the Affected Creditors and this Honourable Court, and is implemented as intended, Connacher's going concern value will be preserved to the benefit of all stakeholders. I believe that this result would not have been possible without the participation and support of the Released Parties throughout the CCAA Proceeding and, in particular, in the development, negotiation, and actions to implement the Plan and the Court orders giving effect thereto.

47. Section 8.1 of the Plan requires that the Sanction Order will provide that 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. No such claims have been identified pursuant to the Initial Claims Procedure Order or the Supplemental Claims Procedure Order.

48. The proposed Sanction Order provides that any person having, or claiming any entitlement or compensation relating to a D&O Claim, a D&O Restructuring Period Claim, or a Post-Filing D&O Claim (hereinafter 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) 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 Applicant (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 Applicant 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. All of the Director/Officer Claims filed pursuant to the Claims Procedure Order have been resolved or withdrawn and no Director/Officer Claims were filed pursuant to the Supplemental Claims Procedure Order.

49. I am advised by the Monitor that the Monitor has reviewed the releases in the Plan and supports their approval.

V. The CCAA Plan Sanction Order Requested

50. The draft Sanction Order attached at Schedule "A" to Connacher's Application will facilitate the implementation of the Plan. Among other things, the Sanction Order:

(a) sanctions and approves the Plan pursuant to section 6 of the CCAA and gives effect to the compromise of the Affected Claims contemplated thereunder;

(b) confirms that the terms of the Plan and the transactions contemplated thereby are fair, reasonable, not oppressive, and in the best interest of Connacher;

(c) confirms that there has been good and sufficient notice, service and delivery of the meeting materials (including, without limitation, pursuant to the Creditors' Meetings Order and the Plan) to all Persons upon which notice, service and delivery was required;

(d) confirms that the determination of Claims pursuant to the claims procedure orders and the Plan shall be final and binding on Connacher and all Persons and that a failure to file a proof of claim or a notice of dispute as required by the claims procedure orders will result in an extinguishment of all rights to contest the applicable Claim as determined in accordance with the claims procedure orders;

(e) discharges the encumbrances of any Affected Creditor on Connacher's assets and, with respect to any Alleged Priority Secured Claims, orders that the Priority Secured Claims Reserve will stand in place of such security with the same priority as they had with respect to Connacher and its business, assets and undertakings just prior to the Effective Date as if the Plan had not been implemented;

(f) directs the applicable registrars or similar government departments and land titles offices to give effect to the discharges contemplated by the Sanction Order;

(g) provides for certain amendments to the Initial Order to be effective upon implementation of the Plan, including amending certain of the Monitor's obligations;

(h) orders that Continuing Contracts shall remain in full force and effect as at the Effective 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 Connacher's insolvency, change of control, the CCAA filing, the Plan or other events occurring prior to the Effective Date; and

(i) orders that all Persons shall be deemed to have waived any and all defaults of Connacher then existing or previously committed by Connacher arising directly or indirectly from the filing by Connacher under the CCAA and the implementation of the Plan.

51. If the Required Majorities approve the Plan at the Creditors' Meetings, I believe that the sanction of the Plan is fair and reasonable in the circumstances for the following reasons:

(a) Extensive Consultation: The Plan is the result of Connacher's extensive consultation with various stakeholders, most notably the First Lien Agent and the Consenting First Lien Lenders, to determine the best available option arising out of the Court-approved SISP. In finalizing the Plan and developing the mechanics for implementing the transactions contemplated therein, Connacher consulted with the Consenting First Lien Lenders, the First Lien Agent, the Second Lien Trustee and the Monitor, and benefitted from the experience of its legal counsel and the Financial Advisor;

(b) Greater Recovery than Other Alternatives: As stated in the 17th Report, and as described in the August 13 Johnson Affidavit, the recoveries available to Connacher's stakeholders under the Plan Transaction are superior to the recoveries available under the Purchase Transaction or the Credit Bid Transaction with the Consenting First Lien Lenders. Not only is the total consideration under the Plan Transaction higher than any other available alternative, but it is also the only alternative that provides recoveries to unsecured creditors. The 17^{th} Report makes clear that all stakeholders will benefit more from the implementation of the Plan than from a liquidation;

(c) Public Interest: The Plan Sponsorship Agreement required that the Plan Sponsor make offers of employment, conditional on implementation of the Plan, to substantially all but not less than 85% of Connacher's employees. The Plan Sponsor made offers to 89 employees (being 95% of the employees). All but two employees accepted the offers, with the remaining two employees resigning to accept new opportunities. Since those initial offers were made, the Plan Sponsor has made additional offers of employment to certain employees. In addition to Connacher's employees, the going concern nature of the transaction is a positive result that ensures continuity for Connacher's suppliers and customers. Similarly, any Crown Priority Claims and Employee Priority Claims will be paid in full as required by the CCAA; and

(d) Compliance with the CCAA and Orders: Throughout the course of this proceeding, Connacher has acted in compliance with the CCAA and all of the orders granted by the Court over the course of this over two year CCAA

Proceeding. I believe that Connacher has followed the procedures set out in the Creditors' Meetings Order for notifying Affected Creditors of the Creditors' Meetings, providing each class of Affected Creditors with the required meeting materials, and soliciting proxies and voting instructions, as applicable.

Extension of the Stay Period

52. The Stay Period is currently set to expire on October 31, 2018. If the relief sought on Connacher's Application is granted, Connacher will require an extension of the Stay Period to implement the Plan Transaction.

53. Pursuant to the terms of the Extension Agreement, the Outside Date for implementation of the Plan is November 15, 2018, and implementation of the Plan will not occur prior to November 8, 2018. Pursuant to the terms of the Plan Sponsorship Agreement, the Plan Sponsor may, on notice to Connacher and the Monitor, extend the Outside Date up to two consecutive times for a period of 30 days each (or until, at latest, January 15, 2019) if the required PRC Approvals or Competition Act Approval remain outstanding, provided that an additional deposit of $1.5 million is paid contemporaneous with each requested extension.

54. Connacher requests that this Honourable Court grant an extension of the Stay Period until the earlier of (i) January 31, 2019, and (ii) filing of the Monitor's Certificate confirming the implementation of the Plan. The requested extension of the Stay Period will provide some flexibility in case the Plan Sponsor elects to extend the Outside Date.

55. I believe that the proposed extension of the Stay Period is necessary to implement the Plan Transaction and is in the best interests of Connacher and its stakeholders.

56. To the best of my knowledge, based on Connacher's current cash on hand and cash flow projections, Connacher will have sufficient liquidity through the proposed extension of the Stay Period. I am advised by the Monitor and do verily believe that an updated cash flow projection for the period covering the proposed extension of the Stay Period will be attached to a Monitor's report to be filed in respect of this Application.

57. It is my belief that Connacher has acted and continues to act in good faith and with due diligence in these proceedings, including in implementing the terms of the Supplemental Claims Procedure Order and Creditors' Meetings Order granted on August 22, 2018 in preparation to hold the Creditors' Meetings and, if approved by the affected creditors, seek Court sanction of the Plan.

VI. Conclusion

58. I believe the sanction of the Plan is in the best interests of Connacher and its stakeholders and that the Sanction Order should be granted in the proposed form.

SWORN before me at the City of Calgary, in the Province of Alberta, on September 24, 2018	
L Rydl	
Commissioner for Oaths~~/Notary Public~~ in and for the Province of Alberta LR.	JEFF BEESTON

Lindsay M. Rydl
Barrister & Solicitor

COURT FILE NUMBER	1601-06131	Clerk's Stamp
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	**AMENDED AND RESTATED 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	

THIS IS EXHIBIT "A"
Referred to in the Affidavit of
Jeff Beeston
Sworn before me this 24th
Day of September A.D., 2018.
[signature]
A Commissioner for Oaths in and for Alberta

Lindsay M. Rydl
Barrister & Solicitor

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AMENDED AND RESTATED PLAN OF COMPROMISE AND ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED

Pursuant to the *Companies' Creditors Arrangement Act* (Canada)

Dated August 13, 2018

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. Pursuant to the Plan Sponsorship Agreement between the Company and the Plan Sponsor, the Company agreed to issue all of a newly created class of voting common shares to the Plan Sponsor conditional upon, among other things, the approval of this Plan by the Affected Creditors, its sanctioning by the CCAA Court and its implementation.

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:

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;

"**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 Emkay Claim**" mean the asserted claims of Emkay arising from the Emkay Decision, inclusive of interest and costs, which remain to be settled, determined and/or quantified by the CCAA Court;

"**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;

"**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 Adjustment Amount**" means the amount, if any, by which the dollar value of Existing Cash exceeds the dollar value of the Company's Cash on Hand as of the Effective Date;

"**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 and any funds being held by ATB as security for the obligations owing under the ATB Credit Facilities, but, for greater certainty, shall exclude 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 <u>Schedule "A"</u> 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) a Non-Continuing Employee Claim;

(l) an Equity Claim;

(m) a Post-Filing Claim;

(n) a Convenience Class Claim;

(o) a Crown Priority Claim;

(p) an Employee Priority Claim;

(q) a Municipal Tax Claim; and

(r) an Unaffected 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;

"**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 August 22, 2018 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;

"**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, which will be final and irrevocable once delivered to the Monitor;

"**Effective Date**" means the day on which the Monitor delivers the Monitor's Certificate to the Company, the Plan Sponsor 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 Plan Sponsor;

"**Emkay**" means Emkay Canada Leasing Corp. and its affiliates and assigns;

"**Emkay Decision**" means the Reasons for Decision of the Honourable Mr. Justice K.D. Yamauchi of the CCAA Court granted in the CCAA Proceedings dated December 11, 2017;

"**Emkay Reserve**" has the meaning given to it in Section 3.9 of this Plan;

"**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;

"**Existing Cash**" means:

1. the Cash on Hand of the Company as of 12:01 a.m. on September 1, 2018; plus

2. the accounts receivable of the Company existing as of 12:01 a.m. on September 1, 2018 or related to the period prior to 12:01 a.m. on September 1, 2018 (whether or not invoiced by such time) which have been paid or collected during the period between 12:01 a.m. on September 1, 2018 and the Business Day prior to the Effective Date; plus

3. the prepaid expenses of the Company which were paid prior to and remain unused as of 12:01 a.m. on September 1, 2018; minus

4. the accounts payable of the Company which have accrued during the period between the Filing Date and 12:01 a.m. on September 1, 2018 (whether or not invoiced by such time) which have not been paid by the Company by the Business Day prior to the Effective Date or which will not be paid, compromised, discharged or released under this Plan and will remain an obligation or liability of the Company after the Effective Time, but for greater certainty, shall not include any Municipal Tax Claims; minus

5. the amounts paid by the Company from the Company's cash accounts during the period between 12:01 a.m. on September 1, 2018 and the Effective Date on account of fees and disbursements (plus any applicable Taxes thereon) for services rendered by Cassels, or other legal counsel and advisors to the Company, the Monitor, legal counsel to the Monitor, the Consenting First Lien Advisors, or other Persons from time to time retained by the Company, in each case in connection with the CCAA Proceeding, the Plan Sponsorship Agreement, or the implementation of this Plan (and the Restructuring Transactions) or the Alternative Transaction (as defined in the Plan Sponsorship Agreement),

calculated as applicable in accordance with International Financial Reporting Standards;

"**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;

"**Final Emkay Claim**" has the meaning given to it in Section 3.9 of this Plan;

"**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 the First Lien Claim minus the amount of the First Lien Lender Pool, 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 Lender Pool**" means the amount equal to the Plan Implementation Fund less:

(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, 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 Priority Secured Claims;

(d) the amount required to be held in the Administrative Reserve Fund in accordance with Section 3.4 of this Plan on the Effective Date;

(e) 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;

(f) 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;

(g) the amount required to satisfy the payment in full of the Crown Priority Claims in accordance with Section 3.6 of this Plan;

(h) the amount required to satisfy the payment in full of the Employee Priority Claims in accordance with Section 3.7 of this Plan;

(i) the amount, if any, required to be held in the Emkay Reserve in accordance with Section 3.9 of this Plan in respect of the Alleged Emkay Claim; and

(j) the amount required to establish the General Creditor Pool,

plus any amounts added from time to time by the Monitor to the First Lien Lender Pool pursuant to Section 3.4, Section 3.5(b), Section 3.8(b), Section 3.8(c), Section 3.9, or Section 7.6(c) of this Plan.

"**First Lien Lenders**" means any lender from time to time party to the First Lien Credit Agreement;

"**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 5.6 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;

"**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 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;

"**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;

"**Municipality**" means the Regional Municipality of Wood Buffalo;

"**New Board**" means the Company's board of directors appointed on the Effective Date which shall be comprised of individuals acceptable to the Plan Sponsor;

"**Non-Continuing Employee Claim**" means, with respect to an employee of the Company who does not receive an Offer of Employment or who does not accept an Offer of Employment by 5:00 p.m. (Calgary time) on August 21, 2018 (or such later date as may agreed to by the Company and the Plan Sponsor), a Claim for termination or severance pay or for payments arising from the termination of the employment of such employee pursuant to this Plan which Non-Continuing Employee Claim shall be filed and determined in accordance with the Supplemental Claims Procedure Order, provided that such employee's Non-Continuing Employee Claim shall exclude any Employee Priority Claim of the employee or any claim or entitlement of the employee secured by any of the CCAA Charges;

"**Notice of Dispute**" has the meaning given to it in the Claims Procedure Order or the Supplemental Claims Procedure Order;

"**Offer of Employment**" has the meaning given to it in the Plan Sponsorship Agreement;

"**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 Plan Sponsorship Agreement;

"**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 the Plan of Compromise and Arrangement (including the Restructuring Transactions) dated August 2, 2018 as amended and restated as of the date hereof, as it may be further amended, restated, supplemented or replaced in accordance with the terms hereof and the Plan Sponsorship Agreement;

"**Plan Implementation Fund**" means the amount equal to the sum of the Plan Sponsored Funds, the Cash on Hand up to the amount of the Existing Cash and the Cash Adjustment Amount, if any, to be delivered 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 Sponsor**" means East River Oil and Gas Ltd.;

"**Plan Sponsor Counsel**" means Borden Ladner Gervais LLP;

"**Plan Sponsored Funds**" means the amount of $113,500,000, which the Plan Sponsor will pay to the Monitor (in trust for the Company) prior to the Effective Time pursuant to the Plan Sponsorship Agreement;

"**Plan Sponsorship Agreement**" means the CCAA Acquisition and Plan Sponsorship Agreement between the Plan Sponsor and the Company dated August 2, 2018, as may be amended from time to time;

"**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, an Alleged Emkay Claim, a Final Emkay Claim, a Crown Priority Claim, a Municipal Tax Claim, an Unaffected 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, including but not limited to any Municipal Tax Claims that are Priority Secured Claims (other than the portion that is the Unaffected Municipal Tax Claim), but, for greater certainty, shall exclude 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 Lenders means the proportional share of a Beneficial First Lien Lender's holdings of the First Lien Claim to the total First Lien Claim; and (ii) the Second Lien Noteholders 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;

"**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, the First Lien Agent and the Plan Sponsor, 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, the First Lien Agent and the Plan Sponsor;

"**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 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;

"**Shut Down Restricted Cash**" has the meaning given to it in the Initial Order;

"**Supplemental Claims Procedure Order**" means an Order to be sought by the Company from the CCAA Court on or about 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 CCAA Court in the CCAA Proceeding dated November 14, 2016;

"**Support Agreement**" means that certain support agreement dated March 19, 2018 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;

"**Unaffected Claim**" has the meaning given to it in Section 3.3 of this Plan;

"**Unaffected Creditor**" means a holder of an Unaffected Claim;

"**Unaffected Municipal Tax Claims**" means 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;

"**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; 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 complete a reorganization of the Company's financial obligations, by implementing the Restructuring Transactions; and

(b) 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 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 three (3) 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) the Unaffected Municipal Tax Claims.

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 $1,000,000 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 (which in all cases shall exclude Plan Sponsor Counsel, post-Plan implementation) 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 add such funds to the First Lien Lender Pool.

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, including but not limited to any claim by the Municipality (but excluding the Unaffected Municipal Tax 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, 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, 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 will become part of the First Lien Lender Pool. 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.

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 and the Monitor, 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, 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, such portion of the Directors' Charge Claims Reserve will become part of the First Lien Lender Pool 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 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 or the KEIP which remain outstanding and have not been paid 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, 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, such portion of the Retention Plan Claims Reserve will become part of the First Lien Lender Pool.

(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, provided that, prior to the Effective Date, ATB shall release to the Company any funds that it is then holding as security for the Company's obligations to ATB and the Company (with the consent of the Plan Sponsor) shall provide replacement security to ATB after the Effective Date.

3.9 Emkay Reserve

In the event that the Alleged Emkay Claim remains in dispute and is not finally resolved or determined by an Order by the Effective Date, the Monitor shall hold the amount of $450,000 from the Plan Implementation Fund (the "**Emkay Reserve**") in escrow in accordance with this Section. In the event that the quantum of the Alleged Emkay Claim is subsequently agreed to between the Company and Emkay or determined by an Order (thereafter, the "**Final Emkay Claim**"), the Monitor shall pay the amount of the Final Emkay Claim to Emkay from the Emkay Reserve and the excess funds, if any, remaining in the Emkay Reserve shall become part of the First Lien Lender Pool.

ARTICLE 4
ESTABLISHMENT OF THE PLAN IMPLEMENTATION FUND

4.1 Plan Implementation Fund

At least two (2) Business Days prior to the Effective Date, in accordance with the Plan Sponsorship Agreement, the Plan Sponsor shall deliver to the Monitor the Plan Sponsored Funds to be held in trust for the Company. On or prior to the Effective Date, the Company shall deliver the Cash on Hand up to the amount of the Existing Cash to the Monitor. On or prior to the Effective Date, in accordance with the Plan Sponsorship Agreement, the Plan Sponsor shall deliver to the Monitor the Cash Adjustment Amount, if any, to be held in trust for the Company. Effective at the Effective Time, the Monitor shall release into the Plan Implementation Fund the sum of the Plan Sponsored Funds, the Existing Cash and the Cash Adjustment Amount, if any, to be held and distributed by the Monitor in accordance with this Plan.

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 (as defined in the Creditors' Meeting Order) 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 Claim

As soon as practicable following the Effective Date, the First Lien Lender Pool shall be distributed by the Monitor to the First Lien Agent.

5.3 Treatment of Second Lien Claim

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 Treatment of Non-Continuing Employees

Unless otherwise agreed to in writing by the Company and the Plan Sponsor, the employment or contracts of employment, as applicable, of employees of the Company who do not receive an Offer of Employment or who receive but do not accept an Offer of Employment by 5:00 p.m. (Calgary time) on August 21, 2018 (or such later date as may be agreed to by the Company and the Plan Sponsor) will be terminated effective as of the Effective Date and such employee will be entitled to submit a Non-Continuing Employee Claim in accordance with the Supplemental Claims Procedure Order. Non-Continuing Employee Claims shall constitute General Creditor Claims for the purposes of this Plan.

5.5 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 (as defined in the Creditors' Meeting Order) 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 (as defined in the Creditors' Meeting Order) 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.

5.6 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;

5.7 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.

5.8 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.

5.9 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.

5.10 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, Alleged Emkay Claims, Final Emkay Claims, 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, an Alleged Emkay Claim, a Final Emkay Claim, 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 and the Plan Sponsor 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 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

Distributions to the First Lien Lender Class shall be made by the Monitor in accordance with Section 5.2 of this Plan.

7.2 Distributions to the General Creditor Class

(a) General Creditors with Accepted Claims (including First Lien Lenders in respect of First Lien Lender 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 5.6 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 11.11 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 5.6 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

(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 by the Monitor into the First Lien Lender Pool, 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 Plan Sponsor, 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 Restructuring Transactions) are fair and reasonable;

(b) this Plan (including the compromises, arrangements, releases and the transactions contemplated herein, including 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 <u>Schedule "A"</u> to the 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 the 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 or the Plan Sponsor, the Monitor shall hold and distribute the funds received in accordance with this Plan;

(m) the articles of the Company will be amended as set out in the Articles of Reorganization set out in Schedule "A";

(n) 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;

(o) 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;

(p) all Liens of Affected Creditors, including all security registrations in favour of any Affected Creditor, are discharged and extinguished; and

(q) 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 and the Plan Sponsor shall have complied with all provisions of the Plan Sponsorship Agreement and all conditions of the Plan Sponsorship Agreement shall have been satisfied or waived in accordance with its terms;

(b) the Company shall have complied with all provisions of the Support Agreement and all conditions of the Support Agreement 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 Plan Sponsor, 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) the Monitor shall have received the Plan Sponsored Funds and the Cash Adjustment Amount, if any, from the Plan Sponsor and the Existing Cash from the Company;

(f) no injunction or other order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Plan and the Plan Sponsorship Agreement;

(g) 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

(h) 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 Plan Sponsor and 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 Plan Sponsor, 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, the Plan Sponsor 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, the Plan Sponsor 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 Schedule "B" 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 Plan Sponsor, 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 11.11 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 Plan Sponsor, 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, the Plan Sponsor 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 Plan Sponsor, Plan Sponsor Counsel, 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, the Plan Sponsorship Agreement 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) 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 the 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 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 and the Plan Sponsor 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.

For the purposes of this Plan, where a matter shall have been agreed, waived, consented to or approved by the Plan Sponsor, or a matter must be satisfactory or acceptable to the Plan Sponsor, any Person shall be entitled to rely on written confirmation from Plan Sponsor Counsel that the Plan Sponsor has 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 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.

11.11 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: Neil Narfason/Peter Chisholm
Email: neil.narfason@ca.ey.com/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: Neil Narfason/Peter Chisholm
Email: neil.narfason@ca.ey.com/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 Plan Sponsor:

East River Oil and Gas Ltd.
Suite 600, 600 3rd Avenue SW
Calgary, Alberta T2P 0G5

Attention: Michael Lam
Email: lam.m@snencn.cn

With a copy to (which shall not constitute notice):

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 3rd Avenue SW
Calgary, Alberta T2P0R3

Attention: Robyn Gurofsky/ Xiaodi Jin
Email: rgurofsky@blg.com/xjin@blg.com

(d) 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 Plan Sponsor), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) the Monitor shall release into the Plan Implementation Fund the sum of the Plan Sponsored Funds, the Existing Cash and the Cash Adjustment Amount, if any, to be held and distributed by the Monitor in accordance with this Plan;

(b) 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;

(c) the Company shall issue 1,000 common shares to the Plan Sponsor in consideration of the payment by the Plan Sponsor of the Plan Sponsored Funds;

(d) paragraph 8 of the Articles of Continuance of the Company is hereby amended to add the following paragraphs:

    The right to transfer the outstanding shares of the Corporation is restricted and no shares may be transferred without the approval of the Board of Directors of the Corporation.

    The number of shareholders of the Corporation, exclusive of persons who are in its employment and exclusive of persons who, having been in the employment of the Corporation, were, while in that employment, and have continued after termination of that employment to be, shareholders of the Corporation, is limited to not more than fifty (50), two or more persons who are the joint registered owners of one or more shares being counted as one shareholder.

    Any invitation to the public to subscribe for securities of the Corporation is prohibited.

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

(f) 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;

(g) 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;

(h) 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;

(i) the directors of the Company immediately prior to the Effective Time shall be deemed to have resigned and the New Board shall be deemed to have been appointed;

(j) 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; and

(k) 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 First Lien Lender Pool or the General Creditor Pool (as the case may be) held by the Monitor, or against the reserve and funds established pursuant to the Plan as applicable.

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 •, 2018 (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 Sponsored Funds, the Existing Cash and the Cash Adjustment Amount, if any, in accordance with the terms of the Plan; and

3. This Certificate was delivered by the Monitor to the Company, the Plan Sponsor 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:

COURT FILE NO.	1601-06131	Clerk's Stamp CLERK OF THE COURT FILED AUG 13 2018 JUDICIAL CENTRE OF CALGARY
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	**AFFIDAVIT OF MERLE JOHNSON (APPROVAL OF CREDITORS' MEETINGS ORDER, APPROVAL AND VESTING ORDER AND SUPPLEMENTAL CLAIMS PROCEDURE ORDER)**	
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 E. Levine Tel: 403-351-2920 Fax: 403-648-1151 rjacobs@casselsbrock.com jbellissimo@casselsbrock.com nlevine@casselsbrock.com	

THIS IS EXHIBIT "B"
Referred to in the Affidavit of
Jeff Beeston
Sworn before me this 24th
Day of September A.D., 2018
L Rydl
A Commissioner for Oaths in and for Alberta
Lindsay M. Rydl
Barrister & Solicitor

AFFIDAVIT OF MERLE JOHNSON
Sworn on August 13, 2018

I, Merle Johnson, of Calgary, Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer of Connacher Oil and Gas Limited ("**Connacher**"). As such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. I make this Affidavit in support of an application by Connacher ("**Connacher's Application**") for:

(a) an order substantially in the form attached as Schedule "A" to Connacher's Application (the "**Creditors' Meetings Order**"), *inter alia*:

(i) approving and authorizing Connacher's entry into the CCAA Acquisition and Plan Sponsorship Agreement dated August 2, 2018 (as may be amended from time to time, the "**Plan Sponsorship Agreement**") between Connacher and East River Oil and Gas Ltd. (the "**Plan Sponsor**");

(ii) accepting the filing of Connacher's Amended and Restated Plan of Compromise and Arrangement dated August 13, 2018 (as may be further amended from time to time, the "**Plan**");

(iii) authorizing Connacher to establish two classes of creditors for the purpose of considering and voting on the Plan: (i) the First Lien Lender Class; and (ii) the General Creditor Class (each as defined below);

(iv) authorizing Connacher to call, hold and conduct a meeting of the First Lien Lender Class and a meeting of the General Creditor Class (together, the "**Creditors' Meetings**") to consider and vote on resolutions to approve the Plan, and approving the procedures to be followed with respect to the Creditors' Meetings;

(v) setting a date for the hearing (the "**Sanction Hearing**") of Connacher's Application for an order to sanction the Plan (the "**Sanction Order**") should the Plan be approved for filing and approved by the requisite majorities of creditors at the Creditors' Meetings; and

(vi) extending the stay of proceedings up to and including October 31, 2018;

(b) an order substantially in the form attached as Schedule "B" to Connacher's Application (the "**Approval and Vesting Order**"), *inter alia*:

(i) approving and authorizing Connacher's entry into a Purchase and Sale Agreement dated August 2, 2018 (as may be amended from time to time, the "**Purchase Agreement**") between Connacher and the Plan Sponsor and, in the event of a CCAA Plan Termination Event (as defined below), authorizing Connacher to perform its obligations thereunder;

(ii) upon the delivery of a monitor's certificate to the Plan Sponsor following a CCAA Plan Termination Event (the "**Monitor's Certificate**"), vesting all of Connacher's right, title, and interest in and to the purchased assets described in the Purchase Agreement (the "**Purchased Assets**") in the Plan Sponsor free and clear of all claims and encumbrances except for the permitted encumbrances (the "**Permitted Encumbrances**"), and ordering that all claims and encumbrances other than the Permitted Encumbrances are discharged against the Purchased Assets; and

(iii) sealing the confidential supplement (the "**Confidential Supplement**") to the 17th Report (the "**17th Report**") of Ernst & Young Inc. (the "**Monitor**") upon the Court file; and

(c) an order substantially in the form attached as Schedule "C" to Connacher's Application (the "**Supplemental Claims Procedure Order**"), *inter alia*, approving a supplemental claims procedure (the "**Supplemental Claims Procedure**") for the identification and determination of certain priority claims, non-continuing employee claims, and certain post-filing claims against Connacher, and post-CCAA filing claims against Connacher's Directors and Officers, in order to facilitate the completion of either the Plan Transaction or the Purchase Transaction (each as defined below).

3. Where I use capitalized terms in this Affidavit, but do not define them, I intend them to have the meaning given to them in the Plan unless otherwise stated. All references to dollar amounts contained herein are to Canadian dollars unless otherwise stated.

4. The information in this Affidavit is arranged under the following headings:

I. Overview of the Application

5. On March 28, 2018, the Court granted the Order (Support Agreement, SISP, & KEIP Approval) (the "**SISP Approval Order**"). Since that time, with the support of the Monitor and the Consenting First Lien Lenders (as defined below), Connacher conducted a Court-approved sale process (the "**SISP**"), backstopped by a stalking horse credit-bid from the Consenting First Lien Lenders (the "**Credit Bid Transaction**"). A copy of the SISP is attached as **Exhibit "A"**. The SISP has resulted in a Successful Bid (as defined in the SISP) from the Plan Sponsor to consummate either a Plan Transaction or a Purchase Transaction (each as defined below).

6. As described in detail below, both the Plan and Purchase Agreement qualify as a "Superior Transaction" under the SISP. The purchase price under the Plan ($113.5 million) is $4 million higher than the purchase price under the Purchase Agreement, reflecting the additional assets acquired pursuant to a share transaction, not otherwise available pursuant to an asset transaction.

7. As further described in the Plan Sponsorship Agreement, in the event that the Plan cannot be implemented, Connacher and the Plan Sponsor have agreed to complete the transaction pursuant to the Purchase Agreement. To provide certainty to both the Plan Sponsor and Connacher's secured creditors, Connacher is seeking approval of the Purchase Agreement now to avoid any delay in closing in the event of a CCAA Plan Termination Event (as defined below).

8. Should the Plan Sponsor and Connacher be unable to close either the Plan or the Purchase Transaction, Connacher intends to return to this Court to seek an order approving the implementation of the Credit Bid Transaction, subject to the terms of the Support Agreement and the related documents.

9. As detailed below, Connacher seeks the approval of the Creditors' Meetings Order, the Approval and Vesting Order, and the Supplemental Claims Procedure Order, each of which facilitate implementation of the proposed transactions.

10. Connacher's Application is supported by the Monitor, the First Lien Agent and the Consenting First Lien Lenders, and the Plan Sponsor.

II. Background

A. <u>Connacher's CCAA Proceeding</u>

11. On May 17, 2016, the Honourable Madam Justice Dario granted the Initial Order, which provided for, among other things, a stay of proceedings up to and including June 16, 2016, which has most recently been extended by this Honourable Court through and including September 30, 2018 (the "**Stay Period**").

12. Pursuant to the Initial Order, Connacher, with the assistance of the Monitor, conducted an initial sale and investment solicitation process. That initial sale and investment solicitation process did not yield a bid acceptable to Connacher or its secured creditors.

13. Connacher has worked with its First Lien Lenders and the Monitor to continue its operations in the ordinary course, subject to the terms of the Initial Order and the other Court orders granted to date.

14. Several key events have led to the transactions before the Court on this Application, including:

    (a) obtaining Court approval of a royalty agreement (the "**BEH Royalty Agreement**") between Connacher and Burgess Energy Holdings, LLC ("**Burgess**"), which provided Connacher with immediate capital to repay its interim financing in full without depleting its cash on hand;

    (b) retaining Houlihan Lokey Capital, Inc. (the "**Financial Advisor**") to prepare and implement a new sale and investment solicitation process; and

    (c) entering into a Support Agreement (as defined below) with certain of the First Lien Lenders, outlining the terms on which these critical secured constituents would support Connacher's exit from its CCAA proceeding.

15. Connacher's efforts to develop and implement a restructuring transaction have been carried out in good faith and in consultation with the Monitor.

B. Support Agreement and Sale and Investment Solicitation Process

16. On March 28, 2018, this Honourable Court approved Connacher's entry into a Support Agreement (as it may be amended from time to time, the "**Support Agreement**") with the First Lien Agent and certain of the First Lien Lenders (the "**Consenting First Lien Lenders**") holding in excess of 75% of the principal amount of debt outstanding under the First Lien Credit Agreement dated as of May 23, 2014, as amended (the "**First Lien Credit Agreement**"). As part of that application, the Court approved the SISP.

17. A crucial component of the Support Agreement was the Consenting First Lien Lenders' agreement that if a "Superior Transaction" was not identified pursuant to the SISP, the Consenting First Lien Lenders would implement the Credit Bid Transaction through which they would cause the First Lien Agent to credit-bid a portion of the First Lien Claim Amount (as defined in the SISP) in exchange for all or substantially all of Connacher's assets. For a bid to be considered a Superior Transaction, the SISP required that the transaction generate cash proceeds of at least $90 million plus an amount sufficient to pay all claims ranking *pari passu* with or in priority to the debt owed to the First Lien Agent, exclusive of Connacher's cash on hand (the "**Minimum Consideration Threshold**").

18. In the event that Connacher and the Plan Sponsor are unable to complete either of the transactions currently before this Court for approval, Connacher will return before this Honourable Court to seek approval of the Credit Bid Transaction, subject to the terms of the Support Agreement and the related documents. While the Support Agreement has been approved by this Court, an approval and vesting order in respect of the Credit Bid Transaction has not yet been sought.

C. SISP Summary

19. Working in conjunction with the Financial Advisor, and in consultation with the Monitor and Consenting First Lien Lenders, Connacher carried out the terms of the SISP in accordance with the SISP Approval Order.

20. On March 28, 2018, Connacher issued a press release that, *inter alia,* provided information regarding the SISP, and invited interested parties to contact the Financial Advisor to discuss participation in the process.

21. Promptly following receipt of the SISP Approval Order, the Financial Advisor, with the assistance of Connacher, the Monitor and the Consenting First Lien Lenders, prepared a list of potential bidders ("**Potential Bidders**"). In addition, Connacher and the Financial Advisor prepared a teaser letter (the "**Teaser**"), a confidential information memorandum (the "**CIM**"), and established a data room (the "**Data Room**"). The Teaser and the SISP procedures were posted on the Monitor's website (the "**Website**").

22. I have been advised that, on April 3, 2018, the Financial Advisor began to contact Potential Bidders to introduce the opportunity and to provide copies of the Teaser. I have been advised that in total, the Financial Advisor provided the Teaser to 230 parties.

23. Sixteen Potential Bidders executed the confidentiality agreements and SISP acknowledgments to become qualified phase I bidders (the "**Qualified Phase I Bidders**"). Qualified Phase I Bidders were granted access to the Data Room and were provided with a copy of the CIM, containing significant confidential information about

Connacher's business and operations and details of the Minimum Consideration Threshold in the SISP.

24. In the initial phase of the SISP, Connacher and the Financial Advisor hosted fourteen initial launch and diligence meetings with Qualified Phase I Bidders.

25. Connacher's management provided Qualified Phase I Bidders access to a subsurface data workstation to review seismic and other geophysical information.

26. Connacher's management also arranged for further in-person and telephonic presentations to engage with the Qualified Phase I Bidders, including addressing bidders' requests for information where it was appropriate to do so. Connacher's management engaged with the Potential Bidders in a cooperative manner throughout the SISP, with the goal of providing sufficient information for Potential Bidders to adequately assess the opportunity.

27. Connacher received several letters of intent on or prior to 12:00 p.m. (MT) on May 23, 2018 (the "**Phase I Bid Deadline**").

28. Following the Phase I Bid Deadline, 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 (as defined in the SISP).

29. Connacher continued to engage with the parties who submitted Qualified Phase I Bids in advance of June 20, 2018 at 12:00 p.m. (MT) (the "**Phase II Bid Deadline**"), including providing additional information and arranging management meetings and site visits.

30. On the Phase II Bid Deadline, the bid received from the Plan Sponsor was subject to receipt of investment committee approval. 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 the Plan Sponsor's Phase II bid was a Qualified Phase II Bid (as defined in the SISP) until such time as the Plan Sponsor obtained the necessary internal approvals.

31. On July 19, 2018, once the Plan Sponsor obtained its required internal approvals, it provided the Monitor with a deposit of $12 million (the "**Deposit**") and Connacher and the Plan Sponsor moved to negotiate the Plan Sponsorship Agreement, the Plan, and the Purchase Agreement.

32. On August 2, 2018, Connacher and the Plan Sponsor executed the Plan Sponsorship Agreement and the Purchase Agreement. As a result of the execution of the Plan Sponsorship Agreement and the Purchase Agreement, the Plan Sponsor is the Successful Bidder (as defined in the SISP).

33. Connacher consulted with the Monitor, the First Lien Agent and the Consenting First Lien Lenders throughout the SISP. I believe that Connacher carried out the SISP in good faith and used its best efforts in its engagement with Potential Bidders. I believe that Potential Bidders were given an adequate opportunity to participate in the SISP, and therefore the market for Connacher's business was appropriately tested.

III. Plan Sponsor Transactions

A. Plan Sponsorship Agreement

34. Subject to approval by this Honourable Court, Connacher and the Plan Sponsor have entered into a Plan Sponsorship Agreement. A copy of the Plan Sponsorship Agreement is attached hereto as **Exhibit "B"**.

35. Pursuant to the Plan Sponsorship Agreement, the Plan Sponsor Transactions (defined below) will be implemented in one of two ways:

    (a) through the Plan, if implemented, the Plan Sponsor will become the sole equity holder of Connacher and certain claims against Connacher will be compromised (the "**Plan Transaction**"); and

    (b) in the event that the Plan cannot be implemented, the Plan Sponsor will acquire substantially all of Connacher's assets and will assume certain liabilities pursuant to the Purchase Agreement (the "**Purchase Transaction**" and, collectively with the Plan Transaction, the "**Plan Sponsor Transactions**").

36. This alternative transaction structure has been designed to maximize the likelihood of Connacher concluding a restructuring transaction for the benefit of its stakeholders, and provides certainty to Connacher and its stakeholders.

37. The Plan Sponsorship Agreement provides that, in the event the transaction is effected through the Plan:

    (a) the Plan Sponsor will subscribe for and purchase 1,000 common shares in Connacher for a subscription price of $113.5 million (the "**Plan Sponsored Funds**");

    (b) at least two (2) Business Days prior to the Effective Time, the Plan Sponsor will pay the balance of the purchase price (after taking into account the Deposit) to the Monitor;

    (c) on or prior to the Effective Date, Connacher shall transfer the Cash on Hand[1] up to the amount of the Existing Cash (as described below) to the Monitor;

    (d) prior to the Effective Date, the Plan Sponsor shall pay the Cash Adjustment Amount, if any, to the Monitor; and

    (e) the Plan Sponsored Funds and the Cash Adjustment Amount, if any, together with the Existing Cash, will be held in escrow by the Monitor and released into the Plan Implementation Fund to be distributed in accordance with the Plan.

38. Although detailed in the Plan, the Plan Sponsorship Agreement confirms the treatment of certain significant creditors. Specifically:

    (a) the BEH Royalty Agreement will be unaffected by the Plan;

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[1] The Cash on Hand means all cash and cash equivalents held by Connacher, including funds being held as "Shut Down Restricted Cash" pursuant to the Initial Order and funds held by ATB Financial as security for the obligations owing under the ATB Credit Facilities. Cash on Hand excludes funds held on deposit or in escrow in respect of Directors or Officers insurance policies.

(b) Connacher's obligations to ATB Financial will be unaffected by the Plan; and

(c) 1/3 of the Municipal Tax Claims (potentially owing to the Municipality of Wood Buffalo) for the 2018 calendar year will be unaffected under the Plan (and under the Purchase Transaction) (the "**Unaffected Municipal Tax Claims**"), while the balance of the Municipal Tax Claims will be subject to compromise under the Plan, subject to a determination of the amount and priority.

39. If the Plan cannot proceed because certain key approvals are not obtained, the requisite creditor approval is not obtained at the Creditors' Meetings, or if it is jointly determined by Connacher and the Plan Sponsor, each acting reasonably, that for any other reason it is no longer viable to implement the Plan Transaction (each of the foregoing a "**CCAA Plan Termination Event**"), the Plan Sponsor and Connacher will proceed with the Purchase Transaction. The Deposit, plus any Additional Deposits (as defined below), paid pursuant to the terms of the Plan Sponsorship Agreement shall be deemed to be the Deposit for the purposes of the Purchase Agreement.

40. The Plan Sponsorship Agreement sets out a formula for the calculation of Connacher's Existing Cash, to clarify the quantum of funds that Connacher is required to transfer to the Monitor for distribution pursuant to the Plan. The Existing Cash is comprised of:

(a) Connacher's Cash on Hand as of 12:01 a.m. on September 1, 2018; plus

(b) Connacher's accounts receivable existing as of 12:01 a.m. on September 1, 2018 or related to the period prior to 12:01 a.m. on September 1, 2018 (whether or not invoiced by such time) which have been paid or collected during the period between 12:01 a.m. on September 1, 2018 and the Business Day prior to the Effective Date; plus

(c) Connacher's prepaid expenses which were paid prior to and remain unused as of 12:01 a.m. on September 1, 2018; minus

(d) Connacher's accounts payable which have accrued during the period between the Filing Date and 12:01 a.m. on September 1, 2018 (whether or not invoiced by such time) which have not been paid by Connacher by the Business Day prior to the Effective Date or which will not be paid, compromised, discharged or released under the Plan and will remain an obligation or liability of Connacher after the Effective Time, but for greater certainty, shall not include any Municipal Tax Claims; minus;

(e) the amounts paid by Connacher from its cash accounts during the period between 12:01 a.m. on September 1, 2018 and the Effective Date on account of fees and disbursements (plus any applicable Taxes thereon) for services rendered by Cassels, or other legal counsel and advisors to Connacher, the Monitor, legal counsel to the Monitor, the Consenting First Lien Advisors, or other Persons from time to time retained by Connacher, in each case in connection with the CCAA Proceeding, the Plan Sponsorship Agreement or the implementation of the Plan (and the Restructuring Transactions) or the Purchase Transaction.

41. In the event that the Cash on Hand is less than the Existing Cash, the Plan Sponsor shall pay the amount of the difference (the "**Cash Adjustment Amount**") to the Monitor in trust for Connacher.

42. The Plan Sponsorship Agreement contains a timeline for the completion of certain Plan steps, provided however that such dates may be amended with the agreement of Connacher, the Plan Sponsor and the Consenting First Lien Lenders:

    (a) The Supplemental Claims Procedure Order and the Creditors' Meetings Order must be obtained by August 24, 2018;

    (b) The Sanction Order must be obtained by October 5, 2018; and

    (c) The Plan must be implemented by October 31, 2018 (the "**Outside Date**").

43. The Plan Sponsorship Agreement contains certain covenants, as well as a number of consent rights in favour of the Plan Sponsor, which require Connacher to operate in the ordinary course of business and refrain from taking certain actions without the consent of the Plan Sponsor.

44. No later than August 14, 2018, the Plan Sponsor shall make written offers of employment, conditional and effective on either the Effective Date of the Plan or the closing of the Purchase Transaction, as applicable, to substantially all but not less than 85% of Connacher's employees on terms that (i) provide recognition of past service, (ii) comply with the *Employment Standards Code* (Alberta), and (iii) contain commercially reasonable and market standard terms and conditions ("**Offers of Employment**"). Such Offers of Employment shall remain open for acceptance until 5:00 p.m. (Calgary time) on August 21, 2018. Employees who do not receive or accept an Offer of Employment (the "**Non-Continuing Employees**") will be entitled to prove a claim (a "**Non-Continuing Employee Claim**") in the Supplemental Claims Procedure for termination or severance pay owing to them in connection with the termination of their employment, and will be treated as unsecured creditors under the Plan.

45. In addition, the Plan Sponsorship Agreement obligates the Plan Sponsor to take steps, at its expense, to obtain any necessary approvals for the transaction from the Commissioner of Competition (Canada) (the "**Competition Act Approval**").

46. I have been advised that certain approvals from three government agencies in the People's Republic of China (the "**PRC Approvals**") are required for the Plan Sponsor to complete either form of the Plan Sponsor Transactions. As it is difficult to predict with certainty the timing of the receipt of the PRC Approvals, the Plan Sponsorship Agreement provides that the Plan Sponsor may, on notice to Connacher and the Monitor, extend the Outside Date up to two consecutive times if the required PRC Approvals or approvals under the *Competition Act* (Canada) remain outstanding. Such extensions, however, shall only be effective if the Plan Sponsor has delivered the amount of $1.5 million to the Monitor as an additional deposit for each extension (each an "**Additional Deposit**").

47. If a transaction with the Plan Sponsor is not completed as a result of a material breach by Plan Sponsor of any of its obligations under the Plan Sponsorship Agreement or failure by the Plan Sponsor to obtain the PRC Approvals by the Outside Date (as defined below), and Connacher is not in breach of the Plan Sponsorship Agreement at such time (other than by reason of the Plan Sponsor's breach), then the Deposit (including any Additional Deposits) will be immediately and irrevocably forfeited to Connacher. If the transaction is not completed for any other reason, the Deposit (including any Additional Deposits) will be returned to the Plan Sponsor within five Business Days after such termination.

48. The parties have certain rights of termination under the Plan Sponsorship Agreement, including:

(a) by mutual written agreement;

(b) if the Effective Date does not occur on or before the Outside Date, or in the event of a CCAA Plan Termination Event, the Closing Date of the Purchase Transaction does not occur before the Outside Date for Closing; and

(c) the right to terminate if conditions to closing in their favour have not been satisfied by the Outside Date.

B. Plan

49. A copy of the Plan was attached to the Plan Sponsorship Agreement, but subsequent to the execution of the Plan Sponsorship Agreement, the Plan was amended and restated in the form attached hereto as **Exhibit "C"**.

50. The Plan provides for two voting classes of creditors:

(a) the First Lien Lender Class, comprised of the First Lien Lenders; and

(b) the General Creditor Class, comprised of all other Affected Creditors, other than holders of Priority Secured Claims, Employee Priority Claims, Crown Priority Claims and Equity Claims. The General Creditor Class includes holders of First Lien Deficiency Claims and holders of Second Lien Claims, which represent the unsecured portions of such claims. The amounts for the First Lien Claim and the Second Lien Claim include interest through the current Outside Date.

51. Pursuant to the Plan, the Monitor will hold the Plan Implementation Fund (comprised of Plan Sponsored Funds, the Cash on Hand up to the amount of the Existing Cash and the Cash Adjustment Amount, if any). The Monitor will then create two pools for distribution to creditors in the applicable classes (the First Lien Lender Pool and the General Creditor Pool).

1. First Lien Lender Pool

52. Upon implementation of the Plan, the Monitor will distribute the funds comprising the First Lien Lender Pool to the First Lien Agent. The First Lien Lender Pool will be calculated by subtracting from the Plan Implementation Fund the following amounts:

(a) the amount required to satisfy the CCAA Charges, which are liens on Connacher's property that rank in priority to the First Lien Claim;

(b) the amount, if any, required to be held in the Directors' Charge Claims Reserve, which is a reserve established to ensure that all claims which would be secured by the Directors' Charge will be paid in full;

(c) the amount, if any, required to be held in the Retention Plan Claims Reserve, which is a reserve established to account for employee retention and incentive payments disputed by Connacher until such disputes are determined;

(d) the amount of $1 million required to be held in the Administrative Reserve Fund, which is to be held by the Monitor to account for the reasonable fees and disbursements of advisors retained by Connacher and the Monitor and other reasonable costs and expenses incurred by such parties in connection with implementing the Plan and winding up the CCAA Proceeding;

(e) the amount required to satisfy Priority Secured Claims, which are accepted Secured Claims determined to rank in priority to the First Lien Claim, including but not limited to any Municipal Tax Claims that qualify as Priority Secured Claims, other than the portion that is the Unaffected Municipal Tax Claim;

(f) the amount, if any required to be held in the Priority Secured Claims Reserve, which is a reserve established to account for Secured Claims that are Alleged Priority Secured Claims and remain in dispute, including the amount of the Municipal Tax Claims other than the Unaffected Municipal Tax Claims if the dispute over such amounts remains unresolved;

(g) the amount required to satisfy Crown Priority Claims that were outstanding on the Filing Date or related to the period ending on the Filing Date;

(h) the amount required to satisfy Employee Priority Claims;

(i) the amount, if any, required to be held in the Emkay Reserve if the dispute between Connacher and Emkay Canada Leasing Corp. in connection with the decision of the Honourable Justice K.D. Yamauchi dated December 11, 2017 remains unresolved; and

(j) the amount required to establish the General Creditor Pool for the benefit of the General Creditor Class.

53. If it is determined in accordance with the Plan that the reserves discussed above have excess funds after the required payments have been made, such excess funds will be added to the First Lien Lender Pool.

2. General Creditor Pool

54. The General Creditor Pool will consist of $500,000 plus the amount necessary to satisfy all Convenience Class Claims, being claims equal to or less than $2,000 and the claims of all General Creditors who make a distribution election ("**Distribution Election**") to receive $2,000 in full and final satisfaction of their claim.

55. 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.

3. Treatment of Equity Claims

56. Existing Shareholders and holders of Equity Claims shall not be entitled to receive any distributions under the Plan and all Equity Claims in Connacher shall be forever cancelled and extinguished on the Effective Date.

4. Unaffected Claims

57. The Plan will compromise only the Affected Claims as set out therein. Unaffected Claims that will not be compromised pursuant to the Plan include:

(a) certain post-filing claims in respect of services rendered or supplies provided to Connacher during the period beginning on the Filing Date and ending on the day immediately preceding the Effective Date;

(b) claims against Directors that, pursuant to section 5.1(2) of the CCAA, cannot be compromised, which have been preserved pursuant to the Initial Claims Procedure Order (as defined below) or the Supplemental Claims Procedure Order;

(c) certain claims that, pursuant to section 19(2) of the CCAA, cannot be compromised, which have been preserved pursuant to the Initial Claims Procedure Order or the Supplemental Claims Procedure Order;

(d) Insured Claims for which an Insured Claim Option Notice has been delivered to the Monitor in accordance with the terms of the Plan, indicating that the holder of such Claim has elected to assert its claim against an insurance policy held by Connacher;

(e) any indebtedness owing by Connacher to Burgess pursuant to the terms of the BEH Royalty Agreement;

(f) other than as set out in the Plan, any indebtedness owing by Connacher to ATB Financial under or pursuant to the ATB Credit Facilities; and

(g) the Unaffected Municipal Tax Claims;

58. The steps required to implement the Plan are set out in Schedule A to the Plan.

59. There are a number of conditions to the implementation of the Plan, including:

(a) the satisfaction of all conditions in the Plan Sponsorship Agreement, including receipt of the PRC Approvals;

(b) the approval of the Plan by the requisite majorities of creditors;

(c) the Sanction Order shall have been granted by this Honourable Court;

(d) the Monitor shall have received the Plan Sponsored Funds and the Cash Adjustment Amount, if any, from the Plan Sponsor and the Existing Cash from Connacher; and

(e) all necessary corporate actions and other agreements shall have been executed and delivered.

60. The Plan contains broad releases in favour of Connacher, Connacher's Directors and Officers, and third parties including the Monitor, the First Lien Agent, the Collateral Trustee, the Second Lien Trustee, the Consenting First Lien Lenders, the Financial Advisor and their respective advisors (the "**Released Parties**"). The Released Parties have made significant and often critical contributions to the development and implementation of Connacher's restructuring, including, without limitation, by devoting significant time and effort in overseeing Connacher's restructuring and making key decisions leading to a successful result that will in any circumstance see Connacher continue as a going concern with significant recoveries to many of its stakeholders, negotiating the Support Agreement to serve as an important backstop to the Plan Sponsor Transactions, providing professional advice to Connacher, the Monitor, the First

Lien Agent and the Consenting First Lien Lenders, and the Plan Sponsor, and, in the case of the Plan Sponsor, by entering into the Plan Sponsorship Agreement and, if approved and implemented, effecting a going concern purchase of Connacher's business.

61. The releases are broad in nature and, I am advised by counsel, are intended to protect the Released Parties from claims any Creditor, Affected Creditor, or other Person may bring in connection with acts taking place on or prior to the Effective Time relating to or otherwise in connection with Connacher's business and operations, Connacher's property and assets, the Affected Claims, the Plan, the Support Agreement, the Equity Claims and the Existing Shares, contracts disclaimed in the CCAA proceedings, any restructuring transaction in respect of which the Released Parties had any role, liabilities of the Directors and Officers including Claims that may be made against the Directors or Officers where by law such Directors of Officers may be liable in such capacities, or any Claim that has been barred or extinguished by the Initial Claims Procedure Order or the Supplemental Claims Procedure Order, and at the Effective Time Connacher is deemed to release and forever discharge every other Released Party from such claims.

62. I believe that the Released Parties have worked diligently towards ensuring the implementation a restructuring of Connacher's financial obligations for the benefit of its stakeholders and that such efforts have resulted in the execution and approval of the Support Agreement, negotiation of the Credit Bid Transaction (if necessary), the implementation of the renewed SISP, and the negotiation of the Plan Sponsor Transactions. If the Plan Sponsorship Agreement and the Purchase Agreement are approved, Connacher's going concern value will be preserved to the benefit of stakeholders. I believe that the proposed Plan and the Purchase Transaction would not have been possible without the participation and support of the Released Parties.

63. I am advised by counsel to the Plan Sponsor, as well as by counsel to the First Lien Agent and the Consenting First Lien Lenders that the releases are an important consideration for their support of the Plan Sponsor Transactions.

64. As a member of Connacher's Board of Directors (the "**Board**") I have been involved in extensive efforts to implement a restructuring of Connacher's business and operations over the last two years. The Special Committee of the Board (comprised of four independent directors) has been charged with overseeing, directing and developing with its advisors the potential restructuring options, and has dedicated significant time and resources to achieving a successful outcome for Connacher and emergence from CCAA protection whether through the Plan Sponsor Transactions or the Credit Bid Transaction (if necessary). The Special Committee's efforts as it relates to the Plan Sponsor Transactions included conducting multiple meetings for the purpose of providing direction on the negotiations with the Plan Sponsor, including reviewing the feedback from the Consenting First Lien Lenders and the Monitor. The Special Committee has benefitted from the assistance of its professional legal and financial advisors and has considered the options available to Connacher in light of its responsibilities. The Special Committee has made recommendations, which have been adopted by the Board and acted upon by Connacher's management, including its recommendations that Connacher enter into the Plan Sponsorship Agreement and proceed to seek approval of the Plan. I believe that the Special Committee was instrumental in formulating and executing the Plan Sponsorship Agreement and the Purchase Agreement.

65. Section 8.1 of the Plan requires that the Sanction Order will provide that 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.

66. I am advised by counsel to the Monitor that the Monitor has reviewed the Releases in the Plan and supports their approval.

C. <u>The Purchase Agreement</u>

67. Concurrent with the execution of the Plan Sponsorship Agreement, Connacher and the Plan Sponsor have executed the Purchase Agreement, which will only become effective upon the occurrence of a CCAA Plan Termination Event.

68. The Purchase Agreement provides for the going concern sale of substantially all of Connacher's assets to the Plan Sponsor. While the mechanics of the Purchase Transaction differ from the Plan Transaction, the Purchase Transaction is intended to affect the transfer of the business and operations in a similar manner and certain of the technical or operational issues involved in such transfer are the same under this transaction.

69. A copy of the Purchase Agreement is attached hereto as **Exhibit "D"**.

70. Pursuant to the Purchase Agreement, Connacher will transfer to the Plan Sponsor substantially all of its assets and the Plan Sponsor will make Offers of Employment to substantially all but no less than 85% percent of Connacher's employees, on similar terms as described above for the Plan Transaction. The Plan Sponsor will also, upon closing, assume and become responsible for all liabilities relating to the ownership of the Purchased Assets, including the Unaffected Municipal Tax Claims.

71. The purchase price to be paid by the Plan Sponsor under the Purchase Agreement is $109.5 million. Although the purchase price under the Purchase Transaction is $4 million less than under the Plan Transaction, the amount available to stakeholders under the Purchase Transaction exceeds the Minimum Consideration Threshold.

72. Connacher holds certain licences, permits and approvals from the Alberta Energy Regulator (the "**AER**") which are essential to its business and operations. The Purchase Agreement requires Connacher to submit all necessary licence transfer applications to the AER and to assist the Plan Sponsor with obtaining such licences.

73. The Purchase Agreement contains several conditions to closing, including:

    (a) the entry by this Court of the Approval and Vesting Order;

    (b) if required, approval under the *Competition Act* (Canada) shall have been obtained; and

    (c) the Plan Sponsor shall have obtained the PRC Approvals.

74. The Regulatory Approvals described above in connection with the Plan Sponsorship (including the Competition Act Approval and the PRC Approvals) Agreement will also be required in order for the Plan Sponsor to complete the Purchase Transaction. There are no separate or additional Chinese applications or approvals required.

75. The Purchase Agreement contains a number of consent rights in favour of the Plan Sponsor, which require Connacher to operate in the ordinary course of business and refrain from taking certain actions without the consent of the Plan Sponsor.

76. The Plan Sponsor acknowledges that it will acquire the Purchased Assets on an "as is, where is" basis and the Plan Sponsor will assume responsibility for existing and future Abandonment and Reclamation Obligations (as defined in the Purchase Agreement) associated with the Purchased Assets and releases Connacher of any and all responsibility in connection with such obligations.

77. The Purchase Agreement contains a mechanism for the exercise of rights of first refusal ("**ROFRs**") by third parties, which will allow the Purchase Transaction to proceed in the event that such third parties choose to exercise their ROFRs. I understand the holders of the ROFRs will be served with the materials for this Application.

78. The Purchase Agreement has certain termination rights in favour of Connacher and the Plan Sponsor. Such termination rights arise where, among other instances:

(a) the conditions precedent in favour of Connacher or the Plan Sponsor, including obtaining the PRC Approvals, have not been satisfied or waived;

(b) the Approval and Vesting Order is not granted prior to the Outside Date for the Approval Order (as defined in the Purchase Agreement);

(c) the Competition Act Approval (as defined in the Purchase Agreement) has not been obtained by the Closing Date;

(d) Closing has not occurred by the Outside Date for Closing (as defined in the Purchase Agreement); or

(e) the Plan Transaction has been completed.

IV. The Orders Requested

A. Creditors' Meetings Order

79. The Creditors' Meetings Order contains a provision approving Connacher's execution and delivery of the Plan Sponsorship Agreement and authorizing Connacher to take all steps and to comply with its obligations pursuant thereto.

80. The proposed Creditors' Meetings Order also accepts the filing of the Plan and authorizes Connacher to convene the meetings of two classes of creditors to consider and vote on the Plan: (i) the First Lien Lender Class, and (ii) the General Creditor Class.

81. Connacher proposes that the Creditors' Meetings will be held at the offices of Cassels Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3rd Street SW, Calgary, Alberta at the following times:

(a) meeting of the First Lien Lender Class (the "**First Lien Lender Meeting**") beginning at 10:00 a.m. on October 3, 2018; and

(b) meeting of the General Creditor Class (the "**General Creditor Class Meeting**") beginning at 10:15 a.m. on October 3, 2018.

82. Further, the Creditors' Meetings Order contains a provision extending the Stay Period through and including October 31, 2018. The facts supporting Connacher's request for such extension of the Stay Period are set out below.

83. Additional information relevant for stakeholders with an interest in the Plan and procedures for voting thereon are set out in the Information Circular, a draft of which is attached as **Exhibit "E"** hereto.

1. Classification of Creditors

84. The Creditors' Meetings Order sets out two classes of creditors to consider and vote on the Plan: (i) the First Lien Lender Class, and (ii) the General Creditor Class.

85. The First Lien Lender Class is comprised of the First Lien Lenders, which share the rights governed by the First Lien Credit Agreement and the related debt documents.

86. The General Creditor Class is comprised of Connacher's remaining Affected Creditors. This group includes holders of the First Lien Deficiency Claim (the unsecured portion of the First Lien Claim), holders of the Second Lien Claim (which is deemed to be an unsecured claim for the purposes of the Plan), holders of Non-Continuing Employee Claims, and holders of all other unsecured claims which are not Unaffected Claims.

2. Notice

87. The Creditors' Meetings Order provides for comprehensive notice of the Creditors' Meetings to Affected Creditors. To assist in this process, Connacher has retained Kingsdale Advisors (the "**Solicitation Agent**").

(a) The Monitor will provide copies of the First Lien Lenders Meeting Materials to the First Lien Agent to be distributed to the Beneficial First Lien Lenders identified by the First Lien Agent as at the First Lien Record Date and provide a copy of the First Lien Lenders Meeting Materials to counsel for the Consenting First Lien Lenders;

(b) The Solicitation Agent will provide each participant holder ("**Participant Holder**") with copies of the Beneficial Noteholder Information Package, for the Participant Holders' distribution thereof to the Beneficial Noteholders holding accounts with such Participant Holder; and

(c) The Monitor will deliver the General Creditors Meeting Materials to (i) each General Creditor (other than First Lien Lenders and Second Lien Noteholders) at the address set out in such General Creditor's proof of claim, and (ii) each Non-Continuing Employee at the address set out in Connacher's books and records.

88. The Monitor will cause a newspaper notice to creditors to be published on or prior to August 29, 2018 in each of the *Daily Oil Bulletin,* the *Calgary Herald* and the *Globe and Mail (National Edition)*, provided that the Monitor shall not be required to publish any further notice in the case of the adjournment of the Creditors' Meeting(s).

89. No later than seven days before the date of the Creditors' Meetings, the Monitor shall serve a report regarding the Plan on the service list and cause such report to be posted on the Website.

90. As soon as practicable after the granting of the Creditors' Meetings Order, if approved, Connacher shall issue a press release and the Monitor shall post such press release on the Website. As the claims of Connacher's creditors will be compromised, the Plan does not contemplate any value accruing to shareholders or holders of Equity Claims. As a result, shareholders and holders of Equity Claims will not be entitled to attend or vote at the Creditors' Meetings.

3. Conduct of the Creditors' Meetings

91. The Creditors' Meetings Order provides that a representative of the Monitor will preside as the chairperson of the Creditors' Meetings and, subject to any further Order of the Court, will decide all matters relating to the conduct of the Creditors' Meetings.

92. The quorum required at each Creditors' Meeting shall be one Affected Creditor with an Accepted Claim present at the Creditors' Meeting in person or by proxy.

93. Only certain parties (or their representatives) are entitled to attend and speak at a Creditors' Meeting, which include the Affected Creditors entitled to vote at such Creditors' Meeting or their proxyholders, representatives of Connacher's Board and senior management, the First Lien Agent, the Consenting First Lien Lenders, the Monitor, the Second Lien Trustee and the Plan Sponsor, the Financial Advisor, and the Solicitation Agent.

94. General Creditors other than First Lien Lenders and Second Lien Noteholders may transfer the whole of their Claim, provided that neither Connacher nor the Monitor are obliged to deal with a transferee as a General Creditor in respect of such Claim unless proof of assignment has been received and acknowledged by the Monitor in writing on or before 5:00 p.m. ten Business Days prior to the Creditors' Meeting for the General Creditor Class.

4. Voting for Affected Creditors

95. The voting procedures were designed to provide a fair and equitable opportunity for Affected Creditors to register their votes for or against approval of the Plan. The Creditors' Meeting order provides, *inter alia*:

(a) an Affected Creditor other than a Beneficial Noteholder will be permitted to attend the applicable Creditors' Meeting(s) in person or may appoint another person to attend the applicable Creditors' Meeting(s) as its proxyholder in accordance with the process for selection and appointment of proxies provided in the Creditors' Meetings Order. The Creditors' Meetings Order contains provisions outlining the requirements for Affected Creditors to vote by proxy, and sets out the procedure and deadlines for submitting a proxy;

(b) each Beneficial First Lien Lender shall be entitled to one vote as a member of the First Lien Lender Class, which vote shall have a value equal to the dollar value of such Beneficial First Lien Lenders' Pro Rata Share of the First Lien Claim as at the First Lien Record Date;

(c) each General Creditor shall be entitled to one vote as a member of the General Creditor Class, which vote shall have a value equal to the aggregate dollar value of such General Creditor's:

(i) Pro Rata Share, if any, 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) the balance of such General Creditor's Voting Claim, if any;

(d) Beneficial Noteholders are required to provide their Voting Instructions to their Participant Holder on or prior to the Beneficial Noteholder Voting and Election Deadline. Beneficial Noteholders who identify themselves as holding General Creditor Claims greater than $2,000 are able to make a Distribution Election when completing their Voting Instructions, and Beneficial Noteholders who identify themselves as holding General Creditor Claims equal to or less than $2,000 will be deemed to make a Distribution Election and vote in favour of the Plan;

(e) each Participant Holder shall provide to the Solicitation Agent a summary of all Voting Instructions received from Beneficial Noteholders (the "**Master Proxy**") no later than 5:00 p.m. on October 1, 2018, and the Solicitation Agent shall provide the Master Proxy to the Monitor and the scrutineers prior to the General Creditor Class Meeting;

(f) each Convenience Class Creditor will be deemed to vote in favour of the Plan and shall not be entitled to vote at the General Creditor Class Meeting;

(g) any Affected Creditor (other than a Beneficial Noteholder) that is entitled to vote at one or more Creditors' Meetings must complete and deliver a First Lien Lenders Proxy and/or General Creditors Proxy, as the case may be, to the Monitor so that it is received on or before the proxy deadline;

(h) the vote "FOR" or "AGAINST" a resolution indicated by a First Lien Lender on its First Lien Lender 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 General Creditor Class Meeting; and

(i) an Affected Creditor holding a disputed claim as at the Creditors' Meetings Record Date shall be entitled to attend the applicable Creditors' Meeting(s) and shall be entitled to one vote in respect of such disputed claim. The Monitor shall keep a separate record of votes cast by Affected Creditors with disputed claim and shall report to the Court with respect thereto at the Sanction Hearing.

5. Approval and Court Sanction of the Plan

96. The Monitor shall provide a report to the Court one Business Day after the Creditors' Meetings with respect to: (i) the results of any votes taken at the Creditors' Meetings, (ii) whether each of the Required Majorities has approved the Plan, (iii) the separate tabulation of votes cast on account of disputed claims, and (iv) in its discretion, any other matter relating to Connacher's application seeking sanction of the Plan.

97. In the event that the Plan is approved by the Requisite Majorities, Connacher intends to apply to the Court at 10:00 a.m. on October 4, 2018 for the Sanction Order.

98. The proposed Creditors' Meetings Order provides that service of such Order by the Monitor or Connacher to the parties on the Service List shall constitute good and sufficient service of notice of the Sanction Hearing and that no other materials need be served in respect of the Sanction Hearing, except that any party who wishes to rely upon additional materials must serve the Service List with such materials by 5:00 p.m. at least one Business Day prior to the Sanction Hearing.

99. The proposed Creditors' Meetings Order also provides that any Person who wishes to oppose the Sanction Hearing shall serve on Connacher, 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 Sanction Hearing by no later than 5:00 p.m. seven Business Days prior to the Sanction Hearing.

100. I believe that the procedures for notification and creditor voting set out in the proposed Creditors' Meetings Order are appropriate in the circumstances. Further, the Plan has the support of the Consenting First Lien Lenders, who collectively hold more than 75% of the First Lien Claim (in the First Lien Lender Class), and the First Lien Deficiency Claim (in the General Creditor Class).

6. <u>Stay Extension</u>

101. If the relief sought in this Application is granted, Connacher will require an extension of the Stay Period to implement the Plan Sponsor Transactions, including holding the Creditors' Meetings on October 3, 2018, seeking the Sanction Order, and completing the Plan Transaction or the Purchase Transaction, as the case may be.

102. Connacher requests that this Honourable Court grant an extension of the Stay Period (which currently expires on September 30, 2018) through and including October 31, 2018, which is the current Outside Date under the Plan Sponsorship Agreement.

103. Considering the efforts to implement the Plan Sponsor Transactions, I believe that the proposed extension of the Stay Period is necessary and is in the best interests of Connacher and its stakeholders.

104. To the best of my knowledge, based on Connacher's current cash on hand and cash flow projections, Connacher will have sufficient liquidity through the proposed extension of the Stay Period. I am advised by the Monitor and do verily believe that an updated cash flow projection for the period covering the proposed extension of the Stay Period will be attached to the 17th Report.

105. It is my belief that Connacher has acted and continues to act in good faith and with due diligence in these proceedings, including in implementing the SISP in accordance with its terms, and negotiating a definitive restructuring plan for the benefit of its stakeholders.

B. <u>Approval and Vesting Order</u>

106. Connacher is seeking this Honourable Court's approval of the Approval and Vesting Order at this time in order to facilitate the timely completion of the Purchase Transaction if a CCAA Plan Termination Event occurs. If, however, the parties complete the Plan Transaction as intended, the Monitor's Certificate under the Approval and Vesting Order will not be delivered.

107. The requested Approval and Vesting Order approves and authorizes Connacher to enter into and perform under the Purchase Agreement. The order also contains a vesting provision that provides that the Purchased Assets will, upon the delivery of the Monitor's Certificate, vest absolutely in the Plan Sponsor, free and clear of all claims and encumbrances except for the Permitted Encumbrances and ordering that all claims and encumbrances other than the Permitted Encumbrances are discharged against the Purchased Assets, and will instead attach to the net proceeds from the sale of the Purchased Assets.

108. The Permitted Encumbrances, which will remain unaffected by the transfer of the Purchased Assets, include, among other things, the BEH Royalty Agreement and the Unaffected Municipal Tax Claims. The Approval and Vesting Order contemplates the discharge of the other encumbrances identified, and authorizes provincial regulatory authorities to take such actions as are necessary to discharge liens registered against the Purchased Assets and to convey title/ownership rights in respect of the Purchased Assets to the Plan Sponsor.

109. Upon delivery of the Monitor's Certificate, the holders of the Permitted Encumbrances shall cease to have any claim whatsoever against the Monitor or Connacher.

110. The Approval and Vesting Order makes clear that its terms do not abrogate or amend the approval process to transfer the applicable licences, permits and approvals by the AER and the British Columbia Oil and Gas Commission pursuant to legislation administered by such bodies.

111. The Plan Sponsor Transactions are the result of significant negotiations carried out between Connacher and the Plan Sponsor, in consultation with the Consenting First Lien Lenders, the Monitor, and the Financial Advisor, with the assistance of such parties' advisors.

112. The Plan Sponsorship Agreement and the Purchase Agreement should be approved for the following reasons:

(a) Connacher implemented the SISP as approved by this Court, including by coordinating its efforts with the Monitor and the Financial Advisor, and providing information on a timely basis to those parties and, where required, to the Consenting First Lien Lenders. The Consenting First Lien Lenders were not permitted to, and did not, amend the consideration offered in the Credit Bid Transaction to compete with bidders in the SISP;

(b) The Monitor and the Consenting First Lien Lenders supported Connacher's efforts to obtain the SISP Approval Order and have continued to support Connacher throughout the implementation of the SISP;

(c) I am advised by counsel to the Monitor and do verily believe that the Monitor supports the Plan Sponsor Transactions. I am advised by counsel to the Monitor that the 17th Report will express the Monitor's opinion that the Plan Sponsor Transactions will be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) In the circumstances, where Connacher has implemented a thorough, Court-approved SISP that generated considerable interest and participation, I believe that the proposed sale will maximize the value of Connacher's assets. I do not believe that the further marketing of Connacher's business would be likely to result in greater realizations, as all likely bidders have already been provided the opportunity to participate in the SISP;

(e) The Special Committee has recommended, and Connacher's Board has approved and authorized, Connacher to enter into the Plan Sponsorship Agreement and the Purchase Agreement;

(f) Connacher is pursuing the Plan Transaction pursuant to the Plan Sponsorship Agreement because the purchase price payable under the Plan Transaction is $4 million greater than under the Purchase Transaction, and therefore, the recovery to stakeholders generally is more favourable in the Plan Transaction than in the Purchase Transaction;

(g) I believe that the Plan Sponsorship Agreement and the Plan Transaction contemplated therein are fair and reasonable and are in the best interest of Connacher and its stakeholders as they increase the likelihood of a successful restructuring of Connacher's business and financial obligations. In particular, the Plan Sponsorship Agreement creates a viable path for a going-concern continuation of Connacher's business, to the benefit of Connacher's employees, suppliers, and customers; and

(h) In consideration of the two competitive and confidential negotiated bid process undertaken, and the number of bids received, it is my opinion that the consideration to be received for the assets pursuant to the Purchase Agreement is reasonable and fair, taking into account fair market value.

113. As a component of the Approval and Vesting Order the Monitor seeks to seal on the court file the Confidential Supplement to the 17th Report. The Confidential Supplement includes the details of the Monitor's analysis of the Plan Sponsor Transactions. This analysis includes information regarding the other participants in the SISP and a comparison of the bids received.

114. I believe that the further relief requested in the Approval and Vesting Order is reasonable and appropriate in the circumstances to affect the totality of the terms of the Purchase Transaction. Similarly, I believe that the further relief requested in the Creditors' Meetings Order is reasonable and appropriate in the circumstances to affect the totality of the terms of the Plan Transaction.

C. Supplemental Claims Procedure Order

115. Pursuant to the Claims Procedure Order dated August 24, 2016 in these proceedings (the "**Initial Claims Procedure Order**"), Connacher, with the assistance of the Monitor, implemented a claims procedure (the "**Initial Claims Procedure**") to identify and determine certain claims against it and its Directors and Officers. The Initial Claims Procedure had a claims bar date of September 26, 2016, (the "**Initial Claims Bar Date**") and required that counterparties to terminated or disclaimed contracts file claims by the later of the Initial Claims Bar Date and fifteen calendar days following the termination or disclaimer.

116. The purpose of the Initial Claims Procedure was to gain an understanding of the universe of claims against Connacher and its Directors and Officers, in order to make

informed decisions regarding bids received in the initial sale and investment solicitation process, and better evaluate Connacher's restructuring options.

117. Connacher seeks approval of the Supplemental Claims Procedure in order to create an efficient procedure to solicit and determine any (i) Non-Continuing Employee Claims, (ii) Post-Filing Claims (as defined below), (iii) claims that rank *pari passu* with or in priority to the claims of the First Lien Lenders ("**Secured Claims**"), and (iv) post-CCAA filing claims against Connacher's Directors and Officers ("**Post-Filing D&O Claims**", and, collectively with Non-Continuing Employee Claims, Post-Filing Claims and Secured Claims, "**Claims**").

118. Irrespective of whether the Plan Transaction or the Purchase Transaction is ultimately implemented, Connacher must determine the universe of claims against it, including any claims that share priority with, or have priority over, the secured claims of the First Lien Lenders. Connacher must also identify post-filing claims against its Directors and Officers which may form the basis of a claim secured by the Directors' Charge established in the Initial Order.

119. In addition, Connacher must determine the quantum of Non-Continuing Employee Claims held by the Non-Continuing Employees to permit such Non-Continuing Employee to vote on the Plan and receive their distributions. Non-Continuing Employees Claims are claims for termination or severance pay or for payments arising from the termination of a Non-Continuing Employee's employment upon the implementation of the Plan Transaction or the Purchase Transaction, but excluding Employee Priority Claims (as defined in the Plan) and any entitlement of the Non-Continuing Employees under an employee incentive or retention plan granted during Connacher's CCAA proceeding.

120. Finally, in order to determine with certainty the quantum of Connacher's Existing Cash for the completion of the Plan Transaction, the Supplemental Claims Procedure will solicit certain post-filing claims ("**Post-Filing Claims**") from parties who have provided services to Connacher from the Filing Date through September 1, 2018. Unlike the other claims being solicited in the Supplemental Claims Procedure, Post-Filing Claims will not be compromised and will be paid by Connacher in accordance with existing arrangements or as otherwise provided in the Plan.

121. The proposed Supplemental Claims Procedure Order contains the following procedures for notifying known claimants and unknown claimants of the Supplemental Claims Procedure:

(a) as soon as practical and by no later than August 24, 2018, the Monitor shall send a claims package to each known potential claimant (other than in respect of Post-Filing Claims which are separately addressed) by prepaid ordinary mail to the last known address or by electronic mail;

(b) as soon as practicable after entry of the order, the Monitor shall publish a notice to claimants in each of the *Daily Oil Bulletin, Calgary Herald, and the Globe and Mail* (National Edition), and shall post electronic copies of the notice, claims package, and Supplemental Claims Procedure Order on the Website for Connacher's CCAA proceeding as soon as practically possible after the Supplemental Claims Procedure Order is granted; and

(c) upon request by an unknown claimant, the Monitor shall send a claims package to such unknown claimant prior to the Supplemental Claims Bar Date or the Post-Filing Claims Bar Date (each as defined below), as applicable.

122. Any claimant wishing to assert a Secured Claim or a Post-Filing D&O Claim shall file a proof of claim with the Monitor by September 19, 2018 (the "**Supplemental Claims Bar Date**").

123. Any claimant that does not return a proof of claim to the Monitor by the Supplemental Claims Bar Date shall be forever barred from making a Secured Claim or Post-Filing D&O Claim against Connacher or its Directors and Officers, as applicable, and such Secured Claims and Post-Filing D&O Claims will be forever extinguished and barred without any further act or notification.

124. For Non-Continuing Employee Claims, the Supplemental Claims Procedure Order contemplates a negative option claims process whereby Connacher will notify Non-Continuing Employees of the amount of their claim (the "**Claim Determination**"), and Non-Continuing Employees will have the opportunity to dispute the Claim Determination by submitting a notice of dispute described in the Supplemental Claims Procedure Order. Non-Continuing Employees are not required to submit a proof of claim, however, any Non-Continuing Employee who does not dispute the Claim Determination will be deemed to accept it. Non-Continuing Employees can also choose to submit their claim as a Post-Filing D&O Claim, in which case, they will be required to submit a proof of claim.

125. Similarly, the Monitor will send a notice to holders of Post-Filing Claims, detailing the Claim Determination of their Claim and providing such claimants the opportunity to dispute such Claim Determination by submitting a Notice of Dispute. In light of the need to determine such Claim Determination owing to holders of Post-Filing Claims after September 1, 2018, such notice will be sent by September 11, 2018 and a separate, later claims bar date of October 1, 2018 (the "**Post-Filing Claims Bar Date**") will apply.

126. In consideration of the negative-option claims process developed for holders of Non-Continuing Employee Claims and Post-Filing Claims, the Supplemental Claims Procedure also gives claimants who do not receive notices of such Claims or who may hold Restructuring Period Claims the opportunity to file a proof of claim with the Monitor by the Supplemental Claims Bar Date or Post-Filing Claims Bar Date, as applicable.

127. Nothing in the Supplemental Claims Procedure Order has the effect of or deems to reverse or reinstate any claims that were barred or extinguished pursuant to the Initial Claims Procedure Order.

128. The Supplemental Claims Procedure Order also confirms that former employees or persons alleging to be former employees of Connacher whose employment or contract of employment was terminated (or alleged to be terminated) after the Filing Date other than Non-Continuing Employees (the "**Former Employees**") will receive a claims package and be entitled to complete and return a proof of claim to the Monitor by the Supplemental Claims Bar Date. The claims of Former Employees will, other than the specific terms of the Supplemental Claims Procedure Order relating thereto, be governed by the Initial Claims Procedure Order.

129. Upon being provided with the filed Claims, Connacher, with the assistance of the Monitor, shall review all proofs of claim and shall accept, revise or disallow the amount

of each Claim. The Monitor shall thereafter notify each claimant as to whether such claimant's Claim has been revised or rejected and an explanation by sending a Notice of Revision or Disallowance (as defined in the Supplemental Claims Procedure Order). Any claimant who disputes the revision or rejection of their Claim may dispute the revision or rejection by delivering a Notice of Dispute to the Monitor by no later than fifteen calendar days after deemed delivery of the Notice of Revision or Allowance. Similarly, any Non-Continuing Employee or holder of a Post-Filing Claim who wishes to dispute its Claim Determination amount may deliver a Notice of Dispute.

130. I believe that approval of the Supplemental Claims Procedure is reasonable and appropriate in the circumstances, including for the following reasons:

(a) the Supplemental Claims Procedure was developed in consultation with the Monitor, the Plan Sponsor and the Consenting First Lien Lenders, and is supported by those parties; and

(b) the Supplemental Claims Procedure will:

(i) in the event that the Plan Transaction is implemented, help to identify and quantify the universe of Claims against Connacher and its Directors and Officers, ensuring that all claimants with valid Claims are given the opportunity to vote on the Plan pursuant to the terms of the Creditors' Meetings Order;

(ii) in the case of Post-Filing Claims, this process will help to determine the amounts of such Claims to allow such Claims to be paid in accordance with existing arrangements or as otherwise provided in the Plan, and will provide certainty to Connacher and the Plan Sponsor on the proper calculation of Existing Cash to be paid by Connacher into the Plan Implementation Fund discussed above; and

(iii) in the event that the Purchase Transaction is implemented, help to identify the universe of Claims that will be required to be paid out of the proceeds of the Purchase Transaction.

V. Conclusion

131. I believe the Plan Transaction and the Purchase Transaction are in the best interests of Connacher and its stakeholders and that the requested orders should be granted in the proposed forms.

SWORN before me at the City of Calgary, in the Province of Alberta, on August 13, 2018

Commissioner for Oaths/Notary Public in and for the Province of Alberta

Richard Comstock
My Commission Expires September 21, 2018

MERLE JOHNSON