COURT FILE NO.	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	**AFFIDAVIT OF JEFF BEESTON (2019 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 OF THE COURT
FILED
JUN 10 2019
JUDICIAL CENTRE
OF CALGARY

AFFIDAVIT OF JEFF BEESTON
Sworn on June 10, 2019

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 "**2019 Plan Sanction Order**"), *inter alia*:

   (a) declaring that the meetings of Connacher's creditors (the "**2019 Creditors' Meetings**") held on June 19, 2019 were duly convened and held, all in accordance with the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the 2019 Creditors' Meetings Order granted on May 16, 2019 (the "**2019 Creditors' Meetings Order**");

   (b) sanctioning and approving Connacher's Plan of Compromise and Arrangement dated May 6, 2019 (as may be further amended from time to time pursuant to the terms thereof, the "**2019 CCAA Plan**") and granting the ancillary relief requested in the 2019 Plan Sanction Order;

   (c) authorizing Connacher to make a payment in the amount of $3,995,775.75 to the Regional Municipality of Wood Buffalo (the "**Municipality**") on or prior to June 30, 2019, and upon such payment being made, relieving Connacher and Ernst & Young Inc. (the "**Monitor**") from their obligations pursuant to Section 3.5 (c) of the 2019 CCAA Plan with respect to the establishment, segregation and distribution of the Municipal Tax Fund (as defined in the 2019 CCAA Plan); and

   (d) extending the CCAA stay of proceedings until the earlier of (i) the filing of the Monitor's Certificate and (ii) September 30, 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 2019 CCAA Plan unless otherwise stated. A copy of the 2019 CCAA Plan is attached hereto as **Exhibit "A"**. All references to dollar amounts contained herein are to Canadian dollars unless otherwise stated.

I. Overview of the Application

4. At an unopposed application heard on May 16, 2019, Connacher sought, and this Honourable Court granted, two orders:

   (a) an order (the "**Amended and Restated Support Agreement Approval Order**"), *inter alia*, (i) approving and authorizing Connacher's entry into that certain Amended and Restated Support Agreement dated May 6, 2019 (as may be amended from time to time, the "**Amended and Restated Support Agreement**") among Connacher, 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**") and Wilmington Trust, National Association (the "**First Lien Agent**"); and (ii) approving and authorizing the credit bid key employee retention plan (the "**Credit Bid KERP**"); and

   (b) the 2019 Creditors' Meetings Order, *inter alia*, (i) accepting the filing of the 2019 CCAA Plan; (ii) authorizing Connacher to establish two classes of creditors for the purpose of considering and voting on the 2019 CCAA Plan; (iii) authorizing Connacher to call, hold and conduct the 2019 Creditors' Meetings and approving the procedures to be followed with respect to the 2019 Creditors' Meetings; and (iv) setting June 20, 2019 as the date of this Application.

5. Pursuant to the Amended and Restated Support Agreement, Connacher, the Consenting First Lien Lenders and the First Lien Agent agreed to pursue a credit bid of a portion of the first lien obligations through the implementation of a CCAA plan of compromise and arrangement, substantially on the terms set out in the 2019 CCAA Plan.

6. If implemented, the 2019 CCAA Plan will effect (i) a recapitalization of Connacher's financial obligations, resulting in the First Lien Lenders becoming the sole equity holders of Connacher; and (ii) the compromise of all Affected Claims. As discussed further below, under the 2019 CCAA Plan, the General Creditor Class will receive substantially the same treatment that they voted unanimously to receive under the Amended and Restated Plan of Compromise and Arrangement dated August 13, 2018 (the "**2018 CCAA Plan**"), which received Court sanction on October 4, 2018 but was ultimately not implemented.

7. The Amended and Restated Support Agreement and the transactions contemplated thereunder are described in detail in the Affidavit of Merle Johnson sworn on May 6, 2019 in support of Connacher's application heard on May 16, 2019 (the "**May 6 Johnson Affidavit**"), which is attached hereto (without exhibits) as **Exhibit "B"**.

8. The 2019 Creditors' Meetings are scheduled to be held on June 19, 2019. If the 2019 CCAA Plan is approved by the Required Majorities in accordance with the 2019 Creditors' Meetings Order, Connacher will seek the 2019 Plan Sanction Order on June 20, 2019. I am advised by the Monitor that the Monitor will file a report detailing the results of the 2019 Creditors' Meetings prior to the hearing of Connacher's Application.

9. In the event that that the Required Majorities do not approve the 2019 CCAA Plan at the 2019 Creditors' Meetings, or upon the occurrence of another CCAA Plan Termination Event (as defined in the Amended and Restated Support Agreement), Connacher and the Consenting First Lien Lenders will proceed to complete a credit bid asset purchase transaction (the "**Credit Bid Transaction**") in accordance with the terms of the Credit Bid Term Sheet attached to the Amended and Restated Support Agreement.

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

II. Background

11. On May 17, 2016, the Honourable Madam Justice Dario granted the Initial Order (the "**Initial Order**"), which provided for, among other things, a stay of proceedings up to and including June 16, 2016 (the "**Stay Period**"). The Stay Period has been extended several times, including most recently on March 15, 2019, when the Honourable Mr. Justice Yamauchi granted an Order extending the Stay Period through and including June 28, 2019.

12. Since the CCAA filing, Connacher has, in consultation with the Consenting First Lien Lenders and the Monitor, continued its operations in the ordinary course and implemented a number of operational and financial improvements for the benefit of the

business, in all cases subject to the terms of the Initial Order and the other Court orders granted to date.

13. 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.

14. On March 19, 2018, Connacher, the First Lien Agent and the Consenting First Lien Lenders executed a support agreement (the "**Original Support Agreement**"), which secured majority First Lien Lender support for the commencement of a renewed sale and investment solicitation process (the "**SISP**") and the implementation of either a "Superior Transaction" identified in the SISP or a credit bid purchase of substantially all of Connacher's assets (the "**Original Credit Bid Transaction**").

15. On March 28, 2018, this Honourable Court granted the Order (Support Agreement, SISP & KEIP Approval) (the "**Support Agreement, SISP & KEIP Approval Order**"), *inter alia*, approving the Original Support Agreement and authorizing Connacher to conduct the SISP.

16. Working with the Monitor and Houlihan Lokey Capital, Inc. (the "**Financial Advisor**"), Connacher conducted the SISP in accordance with its terms. As previously reported to this Court, the SISP attracted interest from several parties and resulted in a thorough market testing of Connacher's business and assets.

17. With the support of the Consenting First Lien Lenders and the Monitor, Connacher selected East River Oil and Gas Ltd. ("**East River**") as the successful bidder in the SISP.

18. After obtaining Court-approval of the East River transaction agreements and authorization to file the 2018 CCAA Plan with the Court, Connacher obtained the unanimous approval of the affected creditors who voted in person or by proxy on the 2018 CCAA Plan at creditors' meetings held on October 3, 2018. The 2018 CCAA Plan was sanctioned by this Court on October 4, 2018.

19. Following several extensions of the outside dates under the transaction agreements with East River, in February 2019, Connacher terminated the East River transaction agreements and the 2018 CCAA Plan. In accordance with the transaction agreements, Connacher retained the deposits, in the aggregate amount of $13.5 million, paid by East River.

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

21. However, the Consenting First Lien Lenders advised Connacher that they wished to further consider the structure of the Original Credit Bid Transaction and potential value-preservation options, including potentially pursuing the Original Credit Bid Transaction through a plan of compromise and arrangement under the CCAA.

22. On May 6, 2019, Connacher, the Consenting First Lien Lenders and the First Lien Agent executed the Amended and Restated Support Agreement. The Amended and Restated Support Agreement was approved by this Court on May 16, 2019.

III. The Plan Transaction

A. Amended and Restated Support Agreement

23. The Amended and Restated Support Agreement and the Plan Term Sheet attached thereto set out the framework for implementing the 2019 CCAA Plan, including establishing certain timeframes and conditions for implementation.

24. The Plan Term Sheet provides that, in the event the transaction is effected through the 2019 CCAA Plan:

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

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

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

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

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

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

26. The Plan Term Sheet requires that Connacher obtain the 2019 Plan Sanction Order by June 20, 2019.

27. From my review of the Amended 21st Report of the Monitor dated May 15, 2019 (the "**21st Report**"), I understand and do verily believe that the Monitor's counsel has reviewed the security held by the First Lien Agent on behalf of the First Lien Lenders and has issued an opinion that, subject to usual and customary assumptions and qualifications, all security held by the First Lien Agent is valid, enforceable and would rank in priority to any subsequently appointed trustee in bankruptcy. In addition, as noted above, all claims that rank in priority to or *pari passu* with the First Lien Claim will be paid in full.

B. 2019 CCAA Plan

28. This section provides a brief summary of the 2019 CCAA Plan and the distributions contemplated thereunder.

29. The 2019 CCAA 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 October 31, 2018, as was the case under the 2018 CCAA Plan.

30. Pursuant to the 2019 CCAA Plan, on or prior to the Effective Date, Connacher shall deliver to the Monitor from Connacher's Cash on Hand the aggregate amount necessary, as determined by the Monitor and Connacher, with the consent of the Majority Consenting First Lien Lenders, to establish the General Creditor Pool and to fully pay or satisfy the following amounts under the 2019 CCAA Plan:

(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 owing as of the Effective Date, 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 the Claims Procedure Order have been resolved or withdrawn. A Post-Filing D&O Claim was filed and then disallowed pursuant to the Supplemental Claims Procedure Order. 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 satisfy the payment in full of any remaining obligations secured by any of the KERP/LTIP Charge, the KEIP Charge or the Financial Advisor Charge. In addition to payments which will be due under the Credit Bid KERP, certain fees will be payable to the Financial Advisor pursuant to the terms of its engagement letter[1];

(d) the amount, if any, required to be held in the Retention Plan Claims Reserve, which is a reserve established to account for any employee retention and incentive payments disputed by Connacher until such disputes are determined. Connacher does not expect that any funds will be required to be held in the Retention Plan Claims Reserve;

(e) the amount of $750,000 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 2019 CCAA Plan and winding up the CCAA Proceeding;

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[1] The Houlihan Lokey Capital, Inc. engagement letter was approved and sealed by this Honourable Court on February 28, 2018, was amended on August 2, 2018 and was further amended on May 17, 2019 in connection with the Amended and Restated Support Agreement.

(f) the amount required to satisfy Priority Secured Claims, which are accepted Secured Claims determined to rank in priority to the First Lien Claim;

(g) 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. Connacher was recently made aware of, and is currently investigating, the registration of a lien on August 3, 2018 bearing registration number 1801174 (the "**Builders' Lien**") pursuant to the *Builders' Lien Act* (Alberta) in favour of the lien holder, Forward Concept Consulting Ltd. (the "**Lien Holder**"). The Builder's Lien is registered by the Minister of Energy upon certain of Connacher's land and mineral interests. Connacher understands that the Lien Holder claims to have provided scaffolding to a company called Bigshow Scaffolding and Shrink Wrapping Inc., who is providing ongoing work at a Connacher site. The sum claimed by the Builders Lien' is $33,989.40. The lien states that the Lien Holder's work was completed on May 14, 2018. A Certificate of Lis Pendens in respect of the enforcement of the Builder's Lien was filed in the Court of Queen's Bench of Alberta, Judicial Centre of Edmonton on December 21, 2018. Connacher's accounts with its contractor, Bigshow Scaffolding and Shrink Wrapping Inc., are paid current. In the event that the Builders' Lien claim remains unresolved as of the implementation of the 2019 CCAA Plan, the amount secured by the Builders' Lien will be fully reserved in the Priority Secured Claims Reserve pending resolution of such claim. The Lien Holder will be sent a copy of Connacher's Application at the address for service listed;

(h) 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;

(i) 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; and

(j) the amount required to establish the Municipal Tax Fund. The Monitor will hold the Municipal Tax Fund in a separate trust account from the Plan Implementation Fund, and no distributions shall be made from the Municipal Tax Fund absent (i) an agreement in writing as between the Municipality, Connacher, the Monitor and the Majority Consenting First Lien Lenders, or (ii) an order of the Court. Connacher and the Municipality have held discussions to reconcile the amounts claimed by the Municipality as its Outstanding Municipal Tax Claim. With the consent of the Monitor and the Consenting First Lien Lenders, Connacher and the Municipality have agreed that the Outstanding Municipal Tax Claim is equal to $3,995,775.75. In order to avoid the accrual of penalties that will increase the quantum of this claim, Connacher prefers to pay the Outstanding Municipal Tax Claim in full prior to June 30, 2019. As described below, the 2019 Plan Sanction Order contains a provision authorizing Connacher to pay the Outstanding Municipal Tax Claim in full on or prior to June 30, 2019, such that no amounts will be required to be held in the Municipal Tax Fund for purposes of implementing the 2019 CCAA Plan.

General Creditor Pool

31. The General Creditor Pool will consist of $500,000 plus the amount necessary to satisfy all Convenience Class Claims, being all accepted and identified claims equal to or less than $2,000 and the claims of all General Creditors who make a distribution election ("**Distribution Election**") to receive $2,000 in full and final satisfaction of their claim. Pursuant to the 2019 Creditors' Meetings Order, General Creditors have until 5:00 p.m. on June 17, 2019 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 2019 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.

33. Under the indenture dated as of May 8, 2015 (the "**Second Lien Indenture**") in respect of the 12% convertible second lien notes due August 31, 2018 (the "**Second Lien Notes**"), Computershare Trust Company N.A., in its capacity as the Second Lien Trustee, may have rights to deduct costs and expenses of the Second Lien Trustee from any distributions, including any distributions on account of Convenience Class Claims.

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

Treatment of Equity Claims

35. Existing Shareholders and holders of Equity Claims shall not be entitled to receive any distributions under the 2019 CCAA Plan and all Equity Claims in Connacher shall be forever cancelled and extinguished on the Effective Date for no consideration.

Unaffected Claims

36. I am advised by Canadian legal counsel to Connacher, Cassels Brock & Blackwell LLP ("**Cassels**"), and do verily believe that the 2019 CCAA Plan will compromise only the Affected Claims as set out therein. Unaffected Claims that will not be compromised pursuant to the 2019 CCAA Plan include:

    (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 against Directors that, pursuant to section 5.1(2) of the CCAA, cannot be compromised, which have been preserved pursuant to the Claims Procedure Order or the Supplemental Claims Procedure Order. Connacher is not aware of any claims of this nature;

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

Order or the Supplemental Claims Procedure Order. Connacher is not aware of any claims of this nature;

(d) Insured Claims for which an Insured Claim Option Notice has been delivered to the Monitor in accordance with the terms of the 2019 CCAA Plan, indicating that the holder of such Claim has elected to assert its claim against an insurance policy held by Connacher;

(e) any indebtedness, liability or obligation owing by Connacher to Burgess Energy Holdings L.L.C. pursuant to the terms of the BEH Royalty Agreement;

(f) other than as set out in the 2019 CCAA Plan, any indebtedness owing by Connacher to ATB Financial under or pursuant to the ATB Credit Facilities; and

(g) any obligation of Connacher under the Credit Bid KERP which is not yet due and owing or has not been satisfied in full as of the Effective Date;

37. The steps required to implement the 2019 CCAA Plan are set out in Schedule “A” to the 2019 CCAA Plan.

38. 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 all conditions in the Amended and Restated Support Agreement;

(b) all applicable appeal periods in respect of the 2019 Plan Sanction Order shall have expired;

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

(d) the New Senior Secured Term Facility Agreement, the management incentive plan, the executive employment agreements, and the Shareholders Agreement and all related agreements and other documents contemplated by the implementation of the 2019 CCAA Plan shall be in form and substance acceptable to Connacher and the Consenting First Lien Lenders, each acting reasonably, and shall have become effective, subject only to the implementation of the 2019 CCAA Plan. In accordance with the 2019 Creditors’ Meetings Order, it is anticipated that on or prior to June 14, 2019, Connacher will disseminate a supplement to the Information Circular dated May 16, 2019 to provide creditors with additional information regarding the New Senior Secured Term Facility Agreement, the Shareholders Agreement and the composition of the New Board;

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

(f) all necessary corporate actions and other agreements shall have been executed and delivered, any of which may be waived in accordance with the 2019 CCAA Plan.

Releases

39. The 2019 CCAA Plan and the proposed 2019 Plan 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 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**").

40. I am advised by Cassels and do verily believe that the releases 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 2019 CCAA Plan, the Amended and Restated Support Agreement, the Equity Claims and the Existing Shares, contracts disclaimed in the CCAA proceedings, the recapitalization and 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 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.

41. The Released Parties have made significant contributions to Connacher's restructuring. The releases are an integral part of the 2019 CCAA Plan and I believe they are fair and equitable in the circumstances for the reasons set forth below.

Connacher Released Parties

42. 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 a viable back-up transaction) that benefits its stakeholders.

43. I have been involved in extensive efforts to implement a restructuring of Connacher's business and operations over the last three years. The special committee (the "**Special Committee**") of the Board of Directors (currently comprised of three independent directors), with the assistance of the Advisors, has been charged with overseeing, directing and developing the potential restructuring options and has dedicated significant time and resources prior to and since the commencement of this CCAA Proceeding to achieving a successful outcome for Connacher and emergence from CCAA protection. With respect to the 2019 CCAA Plan, the Special Committee conducted multiple meetings to provide specific direction and authority on the negotiations over the terms of the Amended and Restated Support Agreement and plan transaction with the First Lien Agent and Consenting First Lien Lenders, taking into account the feedback from 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 important 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 Amended and Restated Support Agreement and seek approval of the 2019 CCAA Plan. I believe that the Special Committee and the Board of Directors as a whole were instrumental in formulating and executing the Amended and Restated Support Agreement and establishing a path to a successful restructuring.

44. 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, continuing to operate the business through a challenging economic environment, and providing valuable assistance throughout the SISP. The Officers have also played a key role in negotiating the Amended and Restated Support Agreement and supporting documents, and transactions contemplated therein, 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.

45. Connacher's professional advisors, including Cassels, its U.S. legal counsel (Akin Gump Strauss Hauer & Feld LLP) and the Financial Advisor (collectively, the "**Advisors**") have contributed their professional expertise to assist with structuring and negotiating the terms of the Amended and Restated Support Agreement and the 2019 CCAA Plan, in addition to their general advice and advocacy throughout the CCAA Proceeding.

46. 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

47. The Third Party Released Parties have played integral roles in contributing to the 2019 CCAA 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. In March 2018, the First Lien Agent and the Consenting First Lien Lenders executed the Original Support Agreement and provided a stalking horse bid, which created necessary competitive tension in the SISP. Most recently, the First Lien Agent and the Consenting First Lien Lenders entered into the Amended and Restated Support Agreement and negotiated the terms of the 2019 CCAA Plan. In the event that the 2019 CCAA Plan is approved by the Required Majorities of Connacher's Affected Creditors (which could not happen without the Consenting First Len Lenders' support), sanctioned by this Honourable Court, and implemented, the First Lien Lenders will become the new owners of Connacher, continuing Connacher's business to the benefit of its employees, customers and suppliers;

(b) 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 CCAA Proceeding. Legal counsel to the First Lien Agent and Consenting First Lien Lenders has participated in important negotiations and provided advice to its clients with respect to the 2019 CCAA Plan. The release in favour of the Consenting First Lien Advisors is a requirement for the First Lien Agent and the Consenting First Lien Lenders' support for the 2019 CCAA 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 Amended and Restated Support Agreement;

(c) 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 2019 CCAA Plan, and will be administering certain distributions contemplated under the 2019 CCAA Plan on behalf of and for the benefit of Connacher. I am advised by Cassels and do verily believe that it is customary for Court officers such as the Monitor to be granted a release in these circumstances; 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 Cassels and do verily believe that it is customary for parties fulfilling these roles to be granted a release in these circumstances.

48. 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 2019 CCAA 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 2019 CCAA Plan and the Court orders giving effect thereto.

49. Section 8.1 of the 2019 CCAA Plan requires that the 2019 Plan 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 Claims Procedure Order or the Supplemental Claims Procedure Order.

50. I am advised by Cassels and do verily believe that the proposed 2019 Plan 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. The sole Director/Officer Claim filed pursuant to the Supplemental Claims Procedure Order was disallowed.

51. I am advised by the Monitor and understand from my review of the 21st Report that the Monitor has reviewed the releases in the 2019 CCAA Plan and supports their approval.

IV. The 2019 Plan Sanction Order Requested

52. The draft 2019 Plan Sanction Order attached at Schedule "A" to Connacher's Application will facilitate the implementation of the 2019 CCAA Plan. I am advised by Cassels and do verily believe that, among other things, the proposed 2019 Plan Sanction Order:

(a) sanctions and approves the 2019 CCAA Plan pursuant to section 6 of the CCAA and section 191 of the *Canada Business Corporations Act*, and gives effect to the compromise of the Affected Claims contemplated thereunder;

(b) confirms that the terms of the 2019 CCAA 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 2019 Creditors' Meetings Order and the 2019 CCAA Plan) to all Persons upon which notice, service and delivery was required;

(d) authorizes Connacher to pay the Outstanding Municipal Tax Claim in full on or prior to June 30, 2019 and upon such payment, relieves Connacher and the Monitor from their obligations pursuant to Section 3.5 (c) of the 2019 CCAA Plan with respect to the establishment, segregation and distribution of the Municipal Tax Fund;

(e) confirms that the determination of Claims pursuant to the claims procedure orders and the 2019 CCAA 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;

(f) 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 2019 CCAA Plan had not been implemented;

(g) directs the applicable registrars or similar government departments and land titles offices to give effect to the discharges contemplated by the 2019 Plan Sanction Order;

(h) deems each Beneficial First Lien Lender to be a party to the Shareholders Agreement on the Effective Date, each in its capacity as a holder of the New Shares;

(i) provides for certain amendments to the Initial Order to be effective upon implementation of the 2019 CCAA Plan, including amending certain of the Monitor's obligations;

(j) 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 2019 CCAA Plan or other events occurring prior to the Effective Date; and

(k) 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 2019 CCAA Plan.

53. Schedule "B" of the 2019 Plan Sanction Order lists the registrations in favor of Affected Creditors that will be terminated, discharged and extinguished as against Connacher and all of its business, assets and undertakings following the delivery of the Monitor's Certificate. The registrations included in Schedule "B" are in favour of:

(a) Computershare Trust Company of Canada, as Collateral Agent;

(b) Northridge Petroleum Marketing U.S., Inc. ("**Northridge**") – A security notice registered in the year 2000 in favour of Northridge continues to appear in searches of the Alberta Energy registry, although Connacher has no knowledge of the substance of this registration and it is registered against a petroleum and natural gas license which Connacher believes to have limited or no value. Northridge has not participated in Connacher's CCAA proceeding and did not file a claim in either of the claims processes implemented pursuant to the Claims Procedure Order and Supplemental Claims Procedure Order. Northridge will be sent a copy of Connacher's Application at the address for service listed in its registration;

(c) The Lien Holder, as discussed at paragraph 30(g) above; and

(d) Arundel Capital Corporation – Connacher and Arundel Capital Corporation entered into the Settlement Agreement dated January 26, 2017 fully and finally resolving all matters between them, which was approved by this Court pursuant to the Order (Employee Severance Program and Arundel Settlement Agreement) on February 6, 2017.

54. I am also advised by Cassels and do verily believe that the 2019 Plan Sanction Order will serve as the basis for reliance on the exemption provided by Section 3(a)(10) of the *United States Securities Act of 1933*, as amended, from the registration requirements otherwise imposed by that Act. I am advised by Cassels and do verily believe that Section 3(a)(10) of the *United States Securities Act of 1933* exempts from registration the distribution of a security that is issued in exchange for outstanding securities and/or claims where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, I am advised by Cassels and do verily believe that the 2019 Plan Sanction Order will, if granted, constitute a basis for the exemption from the registration requirements of the *United States Securities Act of 1933* with respect to the New Shares issued under the 2019 CCAA Plan.

55. If the Required Majorities approve the 2019 CCAA Plan at the 2019 Creditors' Meetings, I believe that the sanction of the 2019 CCAA Plan is fair and reasonable in the circumstances for the following reasons:

(a) Extensive Consultation: The 2019 CCAA Plan is the result of Connacher's extensive consultation with the First Lien Agent and the Consenting First Lien Lenders to develop a transaction that would allow the parties to comply with their obligations pursuant to the Original Support Agreement and provide substantially similar treatment to General Creditors as such group voted unanimously to receive under the now-terminated 2018 CCAA Plan. In finalizing the 2019 CCAA Plan and developing the mechanics for implementing the transactions contemplated therein, Connacher consulted with the Consenting First Lien Lenders, the First Lien Agent, and the Monitor, and benefitted from the experience of its legal counsel, the Financial Advisor and the solicitation and information agent, Kingsdale Advisors;

(b) Greater Recovery than Other Alternatives: As stated in the 21st Report, and as described in the May 6 Johnson Affidavit, the recoveries available to Connacher's stakeholders under the 2019 CCAA Plan are superior to the recoveries available under the Credit Bid Transaction. The 2019 CCAA Plan transaction is the only alternative that provides recoveries to unsecured creditors. The 21st Report makes clear that all stakeholders will benefit more from the implementation of the 2019 CCAA Plan than from a liquidation;

(c) Public Interest: The going concern nature of the 2019 CCAA Plan transaction is a positive result that ensures continued employment for all of Connacher's employees, who are unaffected, and 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 CCAA Proceeding, Connacher has acted in compliance with the CCAA and all of the orders granted by the Court. I believe that Connacher has followed the procedures set out in the 2019 Creditors' Meetings Order for notifying Affected Creditors of the 2019 Creditors' Meetings, providing each class of Affected

Creditors with the required meeting materials, and soliciting proxies and voting instructions, as applicable. Connacher has worked in close coordination with the Monitor throughout this CCAA Proceeding.

Extension of the Stay Period

56. The Stay Period is currently set to expire on June 28, 2019. If the relief sought on Connacher's Application is granted, Connacher will require an extension of the Stay Period to implement the 2019 CCAA Plan.

57. Pursuant to the terms of the Amended and Restated Support Agreement and the Plan Term Sheet, the outside date to implement the 2019 CCAA Plan is July 31, 2019, or such other date as agreed by Connacher and the Majority Consenting First Lien Lenders.

58. Connacher requests that this Honourable Court grant an extension of the Stay Period until the earlier of (i) September 30, 2019, and (ii) filing of the Monitor's Certificate confirming the implementation of the 2019 CCAA Plan. The requested extension of the Stay Period will provide some flexibility in case any extensions of time to implement the 2019 CCAA Plan are required.

59. I believe that the proposed extension of the Stay Period is necessary to implement the 2019 CCAA Plan and is in the best interests of Connacher and its stakeholders.

60. 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.

61. 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 2019 Creditors' Meetings Order granted on May 16, 2019 in preparation to hold the 2019 Creditors' Meetings and, if approved by the Affected Creditors, seek Court sanction of the 2019 CCAA Plan.

V. Conclusion

62. I believe the sanction of the 2019 CCAA Plan is in the best interests of Connacher and its stakeholders and that the 2019 Plan Sanction Order should be granted in the proposed form.

SWORN before me at the City of Calgary, in the Province of Alberta, on June 10, 2019

Thomas Neville

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

JEFF BEESTON

THOMAS NEVILLE
A Commissioner for Oaths
in and for Alberta
My Commission Expires April 13, 2022

EXHIBIT "A"

This is Exhibit " A "
referred to in the affidavit of
Jeff Beeston
sworn before me this 10
day of June, 2019

A Commissioner for Oaths in and for Alberta

THOMAS NEVILLE
A Commissioner for Oaths
in and for Alberta
My Commission Expires April 13, 2022

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COURT FILE NUMBER	1601-06131
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED** **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED**
DOCUMENT	**PLAN OF COMPROMISE AND ARRANGEMENT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**CASSELS BROCK & BLACKWELL LLP** Bankers Hall West 888-3rd Street SW Suite 3810 Calgary, Alberta T2P 5C5 Attn: Ryan Jacobs/Joseph Bellissimo/Natalie Levine Tel: 403-351-2920 Fax: 403-648-1151 rjacobs@casselsbrock.com jbellissimo@casselsbrock.com nlevine@casselsbrock.com

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PLAN OF COMPROMISE AND ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED

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

Dated May 6, 2019

RECITALS

A. The Company is a corporation incorporated under the CBCA and is insolvent.

B. The Company commenced a proceeding under the CCAA and obtained the Initial Order from the CCAA Court on May 17, 2016 which, among other things, appointed the Monitor of the Company, stayed proceedings against the Company and permitted the filing, upon further Order of the CCAA Court, of a plan of compromise or arrangement under the CCAA.

C. The Company, the Consenting First Lien Lenders and the First Lien Agent entered into the Support Agreement pursuant to which the Consenting First Lien Lenders agreed to the Recapitalization and agreed to support this Plan.

D. This Plan will facilitate the continuation of the business of the Company as a going concern and makes provision for recoveries to certain stakeholders.

NOW THEREFORE the Company hereby proposes and presents this Plan under and pursuant to the CCAA and the CBCA:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated, the capitalized terms and phrases set out below shall have the following meanings:

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

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

"**Administration Expenses**" has the meaning given to it in Section 3.4 of this Plan;

“**Administrative Reserve Fund**” has the meaning given to it in Section 3.4 of this Plan;

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

“**Affected Claim**” means a Claim, other than an Unaffected Claim;

“**Affected Creditor**” means a holder of an Affected Claim;

“**Akin Gump**” means Akin Gump Strauss Hauer & Feld LLP;

“**Alleged Directors’ Charge Claim**” has the meaning given to it in Section 3.8(b) of this Plan;

“**Alleged Priority Secured Claim**” has the meaning given to it in Section 3.5(b) of this Plan;

“**Alleged Retention Plan Claim**” has the meaning given to it in Section 3.8(c) of this Plan;

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

“**ATB**” means ATB Financial;

“**ATB Charge**” means the charge granted in favour of ATB in the ATB Credit Facilities Order;

“**ATB Credit Facilities**” means those certain credit facilities provided to the Company by ATB as approved in the ATB Credit Facilities Order;

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

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

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

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

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

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

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

"**Authorization Order**" means an Order to be sought by the Company from the CCAA Court on or about May 16, 2019 that, among other things, approves the Support Agreement, approves the Credit Bid KERP and seals certain portions of the Support Agreement;

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

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

"**BEH Royalty Approval Order**" means the Order granted in the CCAA Proceeding dated January 29, 2018 approving the BEH Royalty Agreement;

"**Beneficial First Lien Lender**" means a beneficial holder of a portion of the First Lien Claim;

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

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

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

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

"**Cassels**" means Cassels Brock & Blackwell LLP;

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

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"**CCAA Charges**" means the Administration Charge, the Directors' Charge, the KERP/LTIP Charge, the ATB Charge, the Financial Advisor Charge, and the KEIP Charge, each as may be amended by Order of the CCAA Court;

"**CCAA Court**" means the Court of Queen's Bench of Alberta;

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

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

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

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

(c) a Pre-Filing Claim;

(d) a Restructuring Period Claim;

(e) a D&O Claim;

(f) a D&O Restructuring Period Claim;

(g) a D&O Indemnity Claim;

(h) a Post-Filing D&O Claim;

(i) a Secured Claim;

(j) a Priority Secured Claim;

(k) an Equity Claim;

(l) a Post-Filing Claim;

(m) a Convenience Class Claim;

(n) a Crown Priority Claim;

(o) an Employee Priority Claim;

(p) a Municipal Tax Claim; and

(q) an Outstanding Municipal Tax Claim.

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

"**Class**" means any one of the classes of Creditors set out in Section 3.2 hereof for the purpose of considering and voting upon this Plan and receiving distributions hereunder**;**

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

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

"**Company**" means Connacher Oil and Gas Limited;

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

"**Consenting First Lien Lenders**" means those certain First Lien Lenders that are party to the Support Agreement;

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

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

"**Convenience Class Creditor**" means a General Creditor with a Convenience Class Claim, provided that in order to be a Convenience Class Creditor in respect of a Second

Lien Deficiency Claim a Beneficial Noteholder must deliver a Voting Information and Election Form in accordance with the Creditors' Meetings Order;

"**Credit Bid KERP**" means the credit bid key employee retention plan substantially in the form attached at Schedule "H" to the Support Agreement, as approved pursuant to the Authorization Order;

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

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

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

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

"**Crown**" means Her Majesty in right of Canada or any province or territory of Canada;

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

"**D&O Claim**" has the meaning given to it in the Claims Procedure Order;

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

"**D&O Restructuring Period Claim**" has the meaning given to it in the Claims Procedure Order;

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

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

"**Directors' Charge Claims Reserve**" has the meaning given to it in Section 3.8(b) of this Plan;

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

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

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

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

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

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

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

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

"**Distribution Election Deadline**" has the meaning given to such term in the Creditors' Meetings Order;

“**Distribution Election Notice**” means a notice substantially in the form attached to the Creditors’ Meetings Order or, in the case of a Beneficial Noteholder, a Voting Information and Election Form;

“**Effective Date**” means the day on which the Monitor delivers the Monitor’s Certificate to the Company and counsel to the Consenting First Lien Lenders pursuant to Section 8.3 of this Plan;

“**Effective Time**” means 12:01 a.m. (Calgary time) on the Effective Date or such other time as may be agreed to in writing by the Company and the Consenting First Lien Lenders;

“**Employee Priority Claim**” means all unpaid amounts, if any, provided for in Section 6(5)(a) of the CCAA;

“**Equity Claim**” has the meaning given to it in Section 2(1) of the CCAA;

“**Executive Employment Agreements**” means the key management employment agreements to be in place on the Effective Date in accordance with the Plan Term Sheet;

“**Existing Shareholders**” means the holders of the Existing Shares immediately prior to the Effective Time;

“**Existing Shares**” means the common shares, preferred shares, warrants and stock options in the capital of the Company;

“**Filing Date**” means May 17, 2016;

“**Financial Advisor**” means Houlihan Lokey Capital, Inc., financial advisor to the Company;

“**Financial Advisor Approval Order**” means the Order (Engagement of Financial Advisor) granted by the CCAA Court in the CCAA Proceeding dated February 28, 2018;

“**Financial Advisor Charge**” means the charge granted under the Financial Advisor Approval Order in favour of the Financial Advisor;

“**First Lien Agent**” means Wilmington Trust, National Association, in its capacity as administrative agent for the lenders under the First Lien Credit Agreement;

“**First Lien Claim**” means the amount of $292,217,713.47 owing by the Company under the First Lien Credit Agreement, inclusive of accrued interest thereon up to October 31, 2018;

“**First Lien Credit Agreement**” means that certain Credit Agreement dated as of May 23, 2014 among the Company, Wilmington Trust, National Association, in its capacity as successor administrative agent, and the lenders party thereto (as such agreement has been and may be amended, modified and supplemented from time to time, including by the Amendment No. 1 dated May 8, 2015);

"**First Lien Deficiency Claim**" means the amount of $117,000,000, which shall be deemed to be an unsecured deficiency Claim and constitute a General Creditor Claim for purposes of this Plan;

"**First Lien Lender Class**" means the Class comprised of the First Lien Lenders;

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

"**First Lien Record Date**" has the meaning given to it in the Creditors' Meeting Order;

"**General Creditor**" means the holder of a General Creditor Claim;

"**General Creditor Claim**" means all Affected Claims, other than First Lien Claims (except to the extent of a First Lien Deficiency Claim, which is a General Creditor Claim), Priority Secured Claims, Employee Priority Claims, Crown Priority Claims and Equity Claims;

"**General Creditor Class**" means the Class comprised of General Creditors;

"**General Creditor Pool**" means the amount of $500,000 plus the amount necessary to satisfy all Convenience Class Claims in accordance with Section 5.5 of this Plan;

"**Initial Distribution Date**" means a date not more than two (2) Business Days after the Effective Date or such other date specified in the Sanction Order;

"**Initial Distribution Record Date**" means the date that is five (5) Business Days prior to the Initial Distribution Date;

"**Initial Order**" means the Order granted by the CCAA Court in the CCAA Proceeding on May 17, 2016, as such Order may be amended, restated, varied or extended from time to time by subsequent Orders;

"**Insured Claim**" means that portion of a Claim arising from a cause of action for which the Company is insured under a policy or policies of insurance existing as of the Filing Date to the extent that such Claim, or portion thereof, is insured under such policies, limited to the amount of any insurance proceeds actually received in respect of such Claim;

"**Insured Claim Option Notice**" means a notice substantially in the form attached to the Creditors' Meetings Order, which will be final and irrevocable once delivered to the Monitor;

"**ITA**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5^{th} Supp.), as amended;

"**KEIP**" means the key employee incentive plan approved pursuant to the Support Agreement & SISP Approval Order;

"**KEIP Charge**" means the charge granted under the Support Agreement & SISP Approval Order in favour of the beneficiaries of the KEIP and, pursuant to the Authorization Order, in favour of the beneficiaries of the Credit Bid KERP;

"**KERP**" means the key employee retention plan(s) approved pursuant to the Initial Order, the Supplemental KERP Order, the Second Supplemental KERP & LTIP 2017 Order and the Authorization Order;

"**KERP/LTIP Charge**" has the meaning given to it in the Initial Order, as amended by the Supplemental KERP Order and the Second Supplemental KERP & LTIP 2017 Order;

"**Lien**" means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;

"**LTIP**" means the Company's existing long term cash incentive plan, as amended and as approved in the Initial Order;

"**LTIP 2017**" means the Company's long term incentive plan payment as approved in the Second Supplemental KERP & LTIP 2017 Order;

"**Majority Consenting First Lien Lenders**" has the meaning given to it in the Support Agreement;

"**MIP**" means the management incentive plan to be in place on the Effective Date in accordance with the Plan Term Sheet;

"**Monitor**" means Ernst & Young Inc., solely in its capacity as Court-appointed monitor of the Company in the CCAA Proceeding, and not in its corporate or personal capacity;

"**Monitor's Certificate**" has the meaning given to it in Section 8.3 of this Plan;

"**Municipal Tax Claims**" means all amounts owing by the Company to the Municipality with respect to or on account of taxes of any kind whatsoever, including but not limited to property tax, equipment and machinery tax, linear property tax, education tax, and any interest, fees or penalties;

"**Municipal Tax Fund**" has the meaning given to it in Section 3.5(c) of this Plan;

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

"**New Board**" means the board of directors of the Company to be appointed and constituted on the Effective Date in accordance with this Plan and the Restructuring

Transactions, which shall be comprised of individuals selected in accordance with the Plan Term Sheet;

"**New Senior Secured Term Facility**" means the new senior secured term facility on the terms set out in the Plan Term Sheet to be entered into by the Company on the Effective Date in accordance with this Plan and the Restructuring Transactions;

"**New Senior Secured Term Facility Agent**" means Wilmington Trust, National Association, or such other agent acceptable to the Consenting First Lien Lenders, in its capacity as administrative agent for the lenders under the New Senior Secured Term Facility Agreement;

"**New Senior Secured Term Facility Agreement**" has the meaning given to it in Section 8.2(i) of this Plan;

"**New Shareholder Information**" means such information and documentation as the Company may require from recipients of the New Shares in order to comply with any anti-money laundering, know your client, proceeds of crime and other Applicable Laws applicable to the Company, which shall be communicated to the First Lien Lenders by the Company in accordance with the Creditors' Meeting Order;

"**New Shares**" means voting common shares of a newly created class of shares of the Company, to be designated as "Class A Common Shares", in such aggregate number as shall be determined by the Majority Consenting First Lien Lenders, which shall be issued by the Company to the First Lien Lenders, or their designates, in accordance with this Plan and, immediately following the issuance thereof, shall constitute all of the issued and outstanding shares of the Company;

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

"**Officer**" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of the Company;

"**Order**" means any final order of the CCAA Court in the CCAA Proceeding;

"**Outside Date**" has the meaning given to it in the Support Agreement;

"**Outstanding Municipal Tax Claims**" means (i) one third (1/3) of the amount of the Municipal Tax Claims for the calendar year 2018, being the portion of the Municipal Tax Claims for the 2018 calendar year attributable to the period from and after 12:01 a.m. on September 1, 2018 and (ii) the Municipal Tax Claims owing or to be owing for the calendar year 2019;

"**Person**" shall be broadly interpreted and includes an individual, partnership, firm, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, entity, corporation, unincorporated association or organization, syndicate, committee, court appointed representative, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual, and for greater certainty includes any Authorized Authority;

“**Plan**” means this Plan of Compromise and Arrangement (including the Recapitalization and the Restructuring Transactions) dated May 6, 2019, as it may be further amended, restated, supplemented or replaced in accordance with the terms hereof and the Support Agreement;

“**Plan Implementation Fund**” means an amount equal to the aggregate amount of funds to be delivered by the Company to the Monitor pursuant to Section 4.1 of this Plan, to be held and distributed by the Monitor in accordance with this Plan;

“**Plan Term Sheet**” means the Plan Term Sheet attached as Schedule “B” to the Support Agreement, as it may be amended, restated, supplemented or replaced in accordance with the terms of the Support Agreement;

“**Post-Filing Claims**” means any indebtedness, liability or obligation of the Company of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Effective Date in respect of services rendered or supplies provided to the Company during such period or under or in accordance with any Continuing Contract, provided that such amounts are not a Pre-Filing Claim, a Restructuring Period Claim, a D&O Restructuring Period Claim, a D&O Claim, a Post-Filing D&O Claim, an Alleged Directors’ Charge Claim, a Secured Claim, a Priority Secured Claim, an Alleged Retention Plan Claim, an Alleged Priority Secured Claim, a Crown Priority Claim, a Municipal Tax Claim, an Outstanding Municipal Tax Claim, or an Employee Priority Claim;

“**Post-Filing D&O Claim**” has the meaning given to it in the Supplemental Claims Procedure Order;

“**Pre-Filing Claims**” means any right or claim of any Person that may be asserted or made in whole or in part against the Company, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract, arrangement or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, regulatory, equitable or fiduciary duty or obligation) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be a debt provable in bankruptcy within the meaning of the BIA had the Company become bankrupt on the Filing Date;

"**Priority Secured Claim**" means any Secured Claims (other than Employee Priority Claims, Crown Priority Claims or Claims secured by the CCAA Charges), which are Accepted Claims and are determined to be in priority to the Liens securing the First Lien Claims in accordance with the Supplemental Claims Procedure Order, but, for greater certainty, shall exclude a Municipal Tax Claim or any Claims held by ATB or BEH against the Company;

"**Priority Secured Claims Reserve**" has the meaning given to it in Section 3.5(b) of this Plan;

"**Pro Rata Share**" means the proportionate share of a Creditor's Accepted Claim to the total of all Accepted Claims and all Disputed Claims in such Creditor's Class and in the case of:

(i) the First Lien Claim, means the proportional share of a Beneficial First Lien Lender's holdings of the First Lien Claim to the total First Lien Claim;

(ii) the First Lien Deficiency Claim, means the proportional share of the sum of (a) the amount of accrued interest (but not principal) under a Beneficial First Lien Lender's Tranche A Loans as of October 31, 2018 plus (b) the amount of principal and accrued interest under such Beneficial First Lien Lender's Tranche B Loans as of October 31, 2018 to the sum of (x) the aggregate amount of accrued interest (but not principal) under the Tranche A Loans owing to all Tranche A Lenders as of October 31, 2018 plus (y) the aggregate amount of principal and accrued interest under the Tranche B Loans owing to all Tranche B Lenders as of October 31, 2018; and

(iii) the Second Lien Deficiency Claim, means the proportional share of a Second Lien Noteholder's holdings of Second Lien Notes to the total Second Lien Claim;

"**Professional Retainers**" means any monetary retainers previously provided by the Company to Cassels, other legal counsel or advisors to the Company, the Monitor, or legal counsel to the Monitor in connection with the CCAA Proceeding;

“**Proof of Assignment**” means a notice of transfer of a Claim executed by a Creditor and the transferee, together with satisfactory evidence of such transfer as may be reasonably required by the Monitor;

“**Proof of Claim**” means a proof of claim, in substantially the form(s) attached to the Claims Procedure Order or the Supplemental Claims Procedure Order, as submitted to the Monitor by a Creditor in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order;

“**Recapitalization**” means the transactions on the terms set out in the Plan Term Sheet;

“**Released Claims**” has the meaning given to it in Section 10.4 of this Plan;

“**Released Party**” has the meaning given to it in Section 10.4 of this Plan;

“**Required Majorities**” means, with respect to each Class of Affected Creditors, the affirmative vote of a majority in number of all voting (in person or by proxy) Creditors holding Accepted Claims in such Class and representing not less than 66⅔% in value of the Accepted Claims voting (in person or by proxy) in such Class at such Creditors’ Meeting;

“**Restructuring Period Claim**” has the meaning given to it in the Claims Procedure Order;

“**Restructuring Transactions**” has the meaning given to it in Section 6.1 of this Plan;

“**Retention Plan Claims Reserve**” has the meaning given to it in Section 3.8(c) of this Plan;

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

“**Second Lien Claim**” means the aggregate amount of $71,315,486.04 owing by the Company under the Second Lien Indenture, inclusive of accrued interest thereon up to October 31, 2018;

“**Second Lien Deficiency Claim**” means the entire amount of the Second Lien Claim which shall be deemed to be an unsecured deficiency claim and constitute a General Creditor Claim for the purpose of this Plan;

“**Second Lien Indenture**” means the indenture dated as of May 8, 2015 in respect of the Second Lien Notes among the Company, as issuer, and the Second Lien Trustee;

"**Second Lien Noteholders**" means holders of the Second Lien Notes;

"**Second Lien Notes**" means the 12% convertible second lien notes due August 31, 2018 issued pursuant to the Second Lien Indenture;

"**Second Lien Notes Record Date**" has the meaning given to it in the Creditors' Meetings Order;

"**Second Lien Trustee**" means Computershare Trust Company, N.A., in its capacity as trustee under the Second Lien Indenture;

"**Second Supplemental KERP**" means the second supplemental key employee retention plan approved pursuant to the Second Supplemental KERP & LTIP 2017 Order;

"**Second Supplemental KERP & LTIP 2017 Order**" means the Order (Stay Extension, JPL Settlement & Approval of Second Supplemental KERP and 2017 LTIP) granted by the CCAA Court in the CCAA Proceeding dated June 27, 2017;

"**Secured Claim**" has the meaning given to it in the Supplemental Claims Procedure Order;

"**Shareholders Agreement**" means the shareholders agreement to be made between and among the holders of the New Shares on the Effective Date, which shall be in form and substance acceptable to the Consenting First Lien Lenders;

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

"**Supplemental Claims Procedure Order**" means the Order granted by the CCAA Court on August 22, 2018 that, among other things, provided for the filing and determination of Secured Claims, certain Post-Filing Claims and Post-Filing D&O Claims, as such Order may be amended, restated or varied from time to time by subsequent Order;

"**Supplemental KERP**" means the supplemental key employee retention plan approved pursuant to the Supplemental KERP Order;

"**Supplemental KERP Order**" means the Order (Stay Extension and Supplemental KERP) granted by the CCAA Court in the CCAA Proceeding dated November 14, 2016;

"**Support Agreement**" means that certain amended and restated support agreement dated May 6, 2019 among the Company, the Consenting First Lien Lenders and the First Lien Agent, as may be amended from time to time;

"**Support Agreement & SISP Approval Order**" means the Order (Support Agreement, SISP & KEIP) granted by the CCAA Court in the CCAA Proceeding dated March 28, 2018;

"**Tax**" or "**Taxes**" means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

"**Taxing Authorities**" means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada or municipality therein and any political subdivision thereof, and any Canadian or foreign governmental authority exercising taxing powers in administering and/or collecting Taxes;

"**Tranche A Lender**" means a First Lien Lender holding Tranche A Loans;

"**Tranche A Loans**" has the meaning given to it in the First Lien Credit Agreement;

"**Tranche B Lender**" means a First Lien Lender holding Tranche B Loans;

"**Tranche B Loans**" has the meaning given to it in the First Lien Credit Agreement;

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

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

"**Unissued New Shares**" has the meaning given to it in Section 7.1(c) of this Plan;

"**Voting Claim**" means the amount of an Affected Claim for which a Proof of Claim is filed, which, as at the Creditors' Meetings Record Date, (i) is an Accepted Claim or (ii) has been accepted by the Company or deemed to be accepted solely for voting purposes pursuant to the Claims Procedure Order, the Supplemental Claims Procedure Order, the Creditors' Meeting Order or any other Order;

"**Voting Information and Election Form**" has the meaning given to it in the Creditors' Meetings Order; and

"**Website**" means the website of the Monitor, www.ey.com/ca/connacheroilandgas, upon which the various materials arising in connection with the CCAA Proceeding are posted from time to time.

1.2 Article and Section Reference

The terms "**this Plan**", "**hereof**", "**hereunder**", "**herein**", and similar expressions refer to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa, and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

1.5 Inclusive Meaning

As used in this Plan, the words "**include**", "**includes**", "**including**" or similar words of inclusion means, in any case, those words as modified by the words "**without limitation**" and "**including without limitation**"; so that references to included matters shall be regarded as illustrative rather than exhaustive.

1.6 Currency

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

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time to the date of this Plan and any statute or regulation that supplements or supersedes such statute or regulation to the date of this Plan.

1.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referenced in this Plan shall be binding on and shall inure to the benefit of any heir, administrator, executor, legal personal representative, successor or assign, as the case may be, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Person, as permitted hereunder.

1.9 Governing Law

This Plan shall be governed by and construed and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. Any dispute or issue in connection with, or related to the interpretation, application or effect of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the CCAA Court.

1.10 Severability of Plan Provisions

If any provision of this Plan is or becomes illegal, invalid or unenforceable on or following the Effective Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Plan, or the legality, validity or enforceability of that provision in any other jurisdiction.

1.11 Timing Generally

Unless otherwise specified, all references to time herein, and in any document issued pursuant hereto, shall mean local time in Calgary, Alberta, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Calgary time) on such Business Day.

1.12 Time of Payments and Other Actions

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day. Wherever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

1.13 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

Schedule “A” - Restructuring Transactions

Schedule “B” - Form of Monitor’s Certificate

ARTICLE 2
PURPOSE AND EFFECT OF PLAN

2.1 Purpose

The purpose of this Plan is:

(a) to implement the Recapitalization;

(b) to complete a reorganization of the Company’s financial obligations; and

(c) to effect a compromise and arrangement of all Affected Claims,

in order to enable the business of the Company to continue as a going concern, in the expectation that a greater benefit will be derived from the continued operation of its business than would result from the forced liquidation of the Company’s assets.

2.2 Persons Affected

The Plan provides for a compromise of all Affected Claims and the implementation of the Recapitalization by means of the Restructuring Transactions. This Plan will become effective at the Effective Time and shall be binding upon and enure to the benefit of the Company and all Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with its terms.

2.3 Persons Not Affected

For greater certainty, except as expressly provided in this Plan, the Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims.

ARTICLE 3
CLASSIFICATION OF CREDITORS AND CLAIMS, ESTABLISHMENT OF RESERVES AND OTHER ACTIONS ON EFFECTIVE DATE

3.1 Claims Procedure

The procedure for determining the validity and quantum of the Affected Claims and resolving Disputed Claims for voting and distribution purposes under this Plan shall be governed by the Claims Procedure Order, the Supplemental Claims Procedure Order, the Creditors’ Meetings Order, the CCAA and this Plan.

3.2 Classification of Creditors

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

3.3 Claims Unaffected by the Plan

This Plan does not compromise, release, discharge or otherwise affect the following (collectively, "**Unaffected Claims**"):

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

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

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

(d) an Insured Claim provided that the Person holding the Insured Claim delivers to the Monitor by no later than 5:00 pm (Calgary time) on a date that is two (2) Business Days before the date of the Creditors' Meetings a completed and duly signed Insured Claim Option Notice in which the Person elects to pursue an Insured Claim for its Claim and waives any right to recover such Insured Claim from the Company or under this Plan;

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

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

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

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

3.4 Establishment of the Administrative Reserve Fund

The Monitor shall hold the amount of $750,000 from the Plan Implementation Fund as an administrative reserve (the "**Administrative Reserve Fund**") in escrow until payment by the Monitor out of the Administrative Reserve Fund of reasonable fees and disbursements (plus any applicable Taxes thereon) for any services rendered by Cassels, other legal counsel and advisors to the Company, the Monitor, legal counsel to the Monitor, or other Persons from time to time retained by the Company or the Monitor and any other reasonable costs and expenses incurred by the Company or the Monitor in connection with the implementation of the Plan, the administration of the Plan Implementation Fund, the resolution of Disputed Claims (but, for greater certainty, not for any payments or distributions in respect thereof), and the wind up of the CCAA Proceeding (collectively, "**Administration Expenses**").

If, subject to the terms of this Plan, the Monitor determines that excess funds exist in the Administrative Reserve Fund after all amounts referred to in the preceding paragraph have been paid or provided for to the satisfaction of the Monitor, then the Monitor shall release and return such funds to the Company.

Any existing Professional Retainers held by Cassels, other legal counsel and advisors to the Company, the Monitor, or legal counsel to the Monitor will continue to be held by such Persons for services rendered on and after the Effective Date and shall not be affected by this Plan; provided that if, on or after the Effective Date, and subject to the terms of this Plan, the Monitor determines that no further services are required of any Person holding a Professional Retainer, the Monitor shall advise such Person in writing on five (5) days prior notice and request a final accounting and return of the remaining Professional Retainer, if any, held by such Person. Such Person shall, as soon as reasonably practicable following receipt of such a written notice, pay to the Company the amount of the Professional Retainer remaining, if any, after deducting its fees, costs and Taxes incurred up to the effective date of such notice and any outstanding invoices owing to such Person by the Company.

3.5 Priority Secured Claims

(a) On or as soon as practicable following the Effective Date, the Monitor, on behalf of the Company, shall pay in full all Priority Secured Claims from the Plan Implementation Fund.

(b) In the event that a Secured Claim that is alleged to be a Priority Secured Claim remains in dispute (with respect to either or both the quantum or its priority secured status) and such dispute is not finally resolved as of the Effective Date pursuant to the Supplemental Claims Procedure Order (an "**Alleged Priority Secured Claim**"), the Monitor shall hold an amount from the Plan Implementation Fund equal to any and all such Alleged Priority Secured Claims (the "**Priority Secured Claims Reserve**") in escrow in accordance with this Section. In the event that such an Alleged Priority Secured Claim is subsequently finally determined to be a Priority Secured Claim (in whole or in part) in accordance with the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Priority Secured Claim (with the consent of the Consenting First Lien Lenders), the Monitor shall pay the whole or the portion of the Alleged Priority Secured Claim that is determined to be a Priority Secured Claim from the Priority Secured Claims Reserve. In the event that such an Alleged Priority Secured Claim is subsequently finally determined not to be a Priority Secured Claim (in whole or in part) in accordance with the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Priority Secured Claim, in terms of either or both the quantum or its priority secured status, such portion of the Priority Secured Claims Reserve relating to such Alleged Priority Secured Claim (or the portion thereof) that is determined to not be a Priority Secured Claim shall be released and returned by the Monitor to the Company. As of the Effective Date, any security underlying any Alleged Priority Secured Claim, whether arising pursuant to agreement or statute, registered or unregistered, perfected or unperfected, shall be irrevocably, fully and finally discharged as against the Company and all of the Company's business, assets and undertaking. Upon such discharge, the Priority Secured Claims Reserve shall stand in the place and stead of the security underlying the Alleged Priority Secured Claim, with the same priority as it had just prior to the Effective Date, as if the security had not been discharged.

(c) In accordance with Section 4.1 of this Plan, at least two (2) Business Days prior to the Effective Date, the Monitor shall hold an amount from the Plan Implementation Fund equal to the Outstanding Municipal Tax Claims (the "**Municipal Tax Fund**"), representing the amounts claimed by the Municipality as an Alleged Priority Secured Claim against the Company. The Monitor shall hold the Municipal Tax Fund in a separate trust account which shall not be co-mingled with the Plan Implementation Fund. The Monitor shall be responsible for assessing the quantum, validity and enforceability of the Municipality's Alleged Priority Secured Claim. Upon the Effective Date, the Alleged Priority Secured Claim, and any security underlying such claim, shall be irrevocably, fully and finally discharged as against the Company, and all of the Company's business, assets and undertaking. Upon such discharge, the Municipal Tax Fund shall stand in the place and stead of the Municipality's security, with the same priority as it had just prior to the Effective Date, as if the security had not been discharged. The Monitor shall hold the Municipal Tax Fund and shall make no distribution of any portion of such amounts held without (i) an agreement in writing as between the Municipality, the Company, the Monitor and the Majority Consenting First Lien Lenders, or (ii) an order of the court. In the event there are excess funds in the Municipal Tax Fund after distribution is made by the Monitor as aforesaid, such excess shall be returned to the Company.

3.6 Crown Priority Claims

On or as soon as practicable following the Effective Date, the Monitor shall pay in full, on behalf of the Company, all Crown Priority Claims, if any, that were outstanding at the Filing Date or related to the period ending on the Filing Date, to the Crown, from the Plan Implementation Fund.

3.7 Employee Priority Claims

On or as soon as practicable following the Effective Date, the Monitor shall pay in full, on behalf of the Company, all Employee Priority Claims due and accrued to the Effective Date in the amount agreed to between the Company, the Monitor and the Consenting First Lien Lenders, to each holder of an Employee Priority Claim to the full amount of his, her or its respective Employee Priority Claim, from the Plan Implementation Fund.

3.8 Claims Secured by CCAA Charges

(a) Administration Charge

On the Effective Date, all outstanding obligations, liabilities, fees and disbursements secured by the Administration Charge which are evidenced by invoices as at the Effective Date shall be fully paid by the Monitor, on behalf of the Company, from the Plan Implementation Fund. The fees and disbursements of Cassels and other legal counsel to the Company, the Monitor, legal counsel to the Monitor or other Persons from time to time retained by the Company or the Monitor and any other costs and expenses incurred by the Company or the Monitor in connection with the implementation of this Plan, the resolution of Disputed Claims, and the termination of the CCAA Proceeding following the Effective Date shall continue to be secured by the assets of the Administrative Reserve Fund only, and the Administration Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all other assets of the Company and the Plan Implementation Fund.

(b) Directors' Charge

On the Effective Date, all D&O Claims, D&O Restructuring Period Claims and Post-Filing D&O Claims shall be fully, finally and irrevocably compromised, released, discharged, cancelled, extinguished and barred in accordance with Article 10 hereof and the Directors' Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Company and the Plan Implementation Fund.

In the event that any D&O Claims, D&O Restructuring Period Claims or Post-Filing D&O Claims which would be secured by the Directors' Charge remain outstanding and have not been fully paid prior to the Effective Date (an "**Alleged Directors' Charge Claim**"), the Monitor shall hold an amount from the Plan Implementation Fund equal to any and all such Alleged Directors' Charge Claims up to the aggregate amount of the Directors' Charge (the "**Directors' Charge Claims Reserve**") in escrow in accordance with this Section. In the event that such an Alleged Directors' Charge Claim is subsequently finally determined to be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Directors' Charge Claim (with the consent of the Consenting First Lien Lenders), the Monitor shall pay in full such claim from the Directors' Charge Claims Reserve. In the event that such an Alleged Directors' Charge Claim is determined not to be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Directors' Charge Claim, such portion of the Directors' Charge Claims Reserve shall be released and returned by the Monitor to the Company as long as the amount that will thereafter exist in the Directors' Charge Claims Reserve is sufficient to satisfy all remaining Alleged Directors' Charge Claims whether or not such Alleged Directors' Charge Claims were previously accounted for in the Directors' Charge Claims Reserve.

(c) KERP/LTIP Charge, KEIP Charge and Financial Advisor Charge

On the Effective Date, any remaining outstanding obligations of the Company secured by any of the KERP/LTIP Charge, the KEIP Charge or the Financial Advisor Charge which are due and owing as of the Effective Date shall be fully paid by the Monitor on behalf of the Company, from the Plan Implementation Fund to the applicable beneficiaries of such CCAA Charges and each of the KERP/LTIP Charge, the KEIP Charge and the Financial Advisor Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Company and the Plan Implementation Fund.

In the event that the Company disputes any Person's entitlement under the LTIP, the LTIP 2017, the KERP, the Supplemental KERP, the Second Supplemental KERP, the KEIP or the Credit Bid KERP which are due and owing as of the Effective Date and which remain outstanding and have not been paid on or prior to the Effective Date (an "**Alleged Retention Plan Claim**"), the Monitor shall hold an amount from the Plan Implementation

Fund equal to any and all such Alleged Retention Plan Claims (the "**Retention Plan Claims Reserve**") in escrow in accordance with this Section. In the event that such an Alleged Retention Plan Claim is subsequently finally determined to be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Retention Plan Claim (with the consent of the Consenting First Lien Lenders), the Monitor shall pay in full such claim from the Retention Plan Claims Reserve. In the event that such an Alleged Retention Plan Claim is determined to not be owing pursuant to the Supplemental Claims Procedure Order or other Order or by agreement between the Company and the Person holding the Alleged Retention Plan Claim, such portion of the Retention Plan Claims Reserve shall be released and returned by the Monitor to the Company.

(d) ATB Charge

Effective upon the Effective Date, the ATB Charge shall be and be deemed to be fully and finally satisfied and discharged from and against any and all assets of the Company and the Plan Implementation Fund, provided that nothing herein shall discharge or compromise any other security (other than the ATB Charge) granted by the Company to ATB pursuant to the ATB Credit Facilities which shall be unaffected by this Plan in accordance with Section 3.3(f) of this Plan.

ARTICLE 4
ESTABLISHMENT OF THE PLAN IMPLEMENTATION FUND

4.1 Plan Implementation Fund

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

(a) the amount required to satisfy the CCAA Charges as of the Effective Date in accordance with Section 3.8 of this Plan;

(b) the amount, if any, required to be held in the Directors' Charge Claims Reserve in accordance with Section 3.8(b) of this Plan in respect of Alleged Directors' Charge Claims;

(c) the amount required to satisfy the payment in full of any remaining obligations secured by any of the KERP/LTIP Charge, the KEIP Charge or the Financial Advisor Charge as of the Effective Date in accordance with Section 3.8(c) of this Plan;

(d) the amount, if any, required to be held in the Retention Plan Claims Reserve in accordance with Section 3.8(c) of this Plan in respect of Alleged Retention Plan Claims;

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

(f) the amount required to satisfy the payment in full of the Priority Secured Claims as of the Effective Date in accordance with Section 3.5 of this Plan;

(g) the amount, if any, required to be held in the Priority Secured Claims Reserve in accordance with Section 3.5 of this Plan in respect of Alleged Priority Secured Claims;

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

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

(j) the amount required to establish the General Creditor Pool; and

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

ARTICLE 5
VOTING AND TREATMENT OF CREDITORS

5.1 Voting by the First Lien Lender Class

Beneficial First Lien Lenders as of the First Lien Record Date or their proxyholders will be entitled to vote in respect of such First Lien Lender's Pro Rata Share of the First Lien Claim. The solicitation of such votes and the procedures for voting by Beneficial First Lien Lenders shall be conducted in accordance with the Creditors' Meeting Order.

5.2 Treatment of the First Lien Lender Claims

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

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

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

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

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

5.3 Treatment of Second Lien Claims

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

5.4 Voting by Creditors in the General Creditor Class

Pursuant to and in accordance with the Creditors' Meeting Order, each of the following Creditors shall be entitled to vote on this Plan at the Creditors' Meeting for the General Creditor Class as follows:

(a) Beneficial First Lien Lenders as of the First Lien Record Date or their proxyholders will be entitled to vote in respect of such First Lien Lender's Pro Rata Share of the First Lien Deficiency Claim. The solicitation of such votes and the procedures for voting by Beneficial First Lien Lenders shall be conducted in accordance with the Creditors' Meeting Order;

(b) Beneficial Noteholders as of the Second Lien Notes Record Date or their proxyholders will be entitled to vote in respect of such Second Lien Noteholders' Pro Rata Share of the Second Lien Deficiency Claim. The solicitation of such votes and the procedures for voting by Beneficial Noteholders shall be conducted in accordance with the Creditors' Meeting Order;

(c) Convenience Class Creditors shall each be deemed to vote in favour of the Plan in the amount of such Creditor's Accepted Claim;

(d) General Creditors (other than First Lien Lenders in respect of First Lien Deficiency Claims, Second Lien Noteholders in respect of Second Lien Deficiency Claims and Convenience Class Creditors) with Voting Claims shall be entitled to one (1) vote in the amount equal to such Creditor's Voting Claim.

5.5 Treatment of General Creditor Claims

(a) General Creditors with Accepted Claims (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) on the Initial Distribution Record Date equal to or less than $2,000 shall be deemed to have made a Distribution Election and to have elected to and shall receive the Distribution Election Amount in respect of their Accepted Claim in accordance with the Plan;

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

(i) the Distribution Election Amount in respect of their Accepted Claim in accordance with the Plan if a Distribution Election is made prior to the Distribution Election Deadline; or

(ii) its Pro Rata Share of the General Creditor Pool (after deducting all Distribution Election Amounts payable under this Plan) if a Distribution Election is not made prior to the Distribution Election Deadline;

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

5.6 Voting – Transferred Claims

Any General Creditor may transfer the whole of its Claim prior to the Creditors' Meeting of the General Creditors in accordance with the Claims Procedure Order and the

Creditors' Meeting Order, as applicable, provided that the Monitor shall not be obligated to deal with the transferee of such Claim as a General Creditor in respect thereof, including allowing such transferee to vote at the Creditors' Meeting for General Creditors, unless a Proof of Assignment has been received by the Monitor prior to 5:00 p.m. (Calgary time) on the day that is at least ten (10) Business Days prior to the date of the Creditors' Meeting for General Creditors and such transfer has been acknowledged in writing by the Monitor. Thereafter such transferee shall, for all purposes in accordance with the Claims Procedure Order, Supplemental Claims Procedure Order, the Creditors' Meetings Order, the CCAA and this Plan, constitute a General Creditor and shall be bound by any notices given or steps taken in respect of such Claim in accordance with the Creditors' Meetings Order and any further Orders.

If a General Creditor transfers the whole of its Claim to more than one Person or part of such Claim to another Person after the Filing Date, such transfer shall not create a separate Voting Claim and such Claim shall continue to constitute and be dealt with for the purposes hereof as a single Voting Claim. Notwithstanding such transfer, the Monitor shall not be bound to recognize or acknowledge any such transfer and shall be entitled to give notices to and otherwise deal with such Claim only as a whole and only to and with the Person last holding such Claim in whole as the General Creditor in respect of such Claim, provided such General Creditor may, by notice in writing to the Monitor in accordance with and subject to the Creditors' Meetings Order and given prior to 5:00 p.m. (Calgary time) on the day that is at least ten (10) Business Days prior to the date of the Creditors' Meeting for General Creditors, direct the subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and in such event, such transferee of the Claim and the whole of such Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with the Creditors' Meetings Order and any further Orders.

5.7 Voting – All Classes

Except as otherwise set out in this Plan or in the Creditors' Meetings Order, each Creditor holding a Voting Claim or its designated proxyholder shall be entitled to attend the Creditors' Meeting for its Class. The Monitor shall keep a separate record of votes cast by Creditors holding Disputed Claims and shall report to the CCAA Court with respect thereto at the CCAA Court hearing seeking the Sanction Order. The votes cast in respect of any Disputed Claims shall not be counted for any purpose unless, until and only to the extent that such Disputed Claim is finally determined to be an Accepted Claim. The Company and the Monitor shall have the right to seek the assistance of the CCAA Court in valuing any Disputed Claim in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order, the Creditors' Meetings Order, the CCAA and this Plan, if required, to ascertain the result of any vote on this Plan.

5.8 Existing Shareholders and Holders of Equity Claims

Existing Shareholders and holders of Equity Claims shall not be entitled to attend or vote in respect of their Equity Claims at any Creditors' Meetings and shall not receive any distribution under this Plan on account of their Existing Shares or Equity Claims. All Equity Claims and D&O Indemnity Claims that are based on Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred on the Effective Date.

5.9 Other Non-Voting Persons

Persons with claims secured by the CCAA Charges, Alleged Directors' Charge Claims, claims or entitlements to the Administrative Reserve Fund, Alleged Retention Plan Claims, Secured Claims, Alleged Priority Secured Claims, Priority Secured Claims, Municipal Tax Claims, Municipal Tax Fund, Crown Priority Claims, Employee Priority Claims or Post-Filing Claims shall not be entitled to vote at any Creditors' Meeting in respect of the portion of their claim which is a claim secured by the CCAA Charges, an Alleged Directors' Charge Claim, a claim or entitlement to the Administrative Reserve Fund, an Alleged Retention Plan Claim, a Secured Claim, an Alleged Priority Secured Claim, a Priority Secured Claim, a Municipal Tax Claim, a Municipal Tax Fund, a Crown Priority Claim, an Employee Priority Claim or a Post-Filing Claim.

ARTICLE 6
IMPLEMENTATION OF THE RESTRUCTURING TRANSACTIONS

6.1 Restructuring Transactions

The Company, the Consenting First Lien Lenders, the Monitor and, subject to receiving written direction from the Consenting First Lien Lenders, the First Lien Agent, each as applicable, will take the steps set forth in Schedule "A" hereto (collectively, the "**Restructuring Transactions**"), which shall be consummated and become effective in the order set out therein, and will take any actions as may be necessary to effect a restructuring of the Company's business or overall organizational structure to reflect and implement the Recapitalization, the Restructuring Transactions and the provisions of this Plan.

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of the Company will occur and be effective by the Effective Time, and will be authorized and approved under this Plan and by the CCAA Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, Directors or Officers of the Company. All necessary approvals to take actions shall be deemed to have been obtained from the directors or shareholders of the Company, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this Plan shall be deemed to be effective and any such agreement shall have no force and effect.

6.2 Effectuating Documents

Any current Officer shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and take such other actions, as may be necessary or appropriate, on behalf of the Company, to effectuate and further evidence the terms and conditions of this Plan.

ARTICLE 7
PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distribution to First Lien Lender Class

(a) Delivery of the New Shares issued and distributed under this Plan will be made by delivering share certificates representing the New Shares in the name of the applicable recipient.

(b) On the Effective Date, the Company shall issue New Shares in accordance with Section 5.2 (or reserve New Shares for issuance, as applicable, in accordance with Section 7.1(c)).

(c) Notwithstanding Section 7.1(b), no Beneficial First Lien Lender shall be entitled to the rights associated with the New Shares and all such New Shares shall be reserved for issuance on the books and records of the Company until such time as it has delivered its New Shareholder Information to the Company. In the event that a Beneficial First Lien Lender fails to deliver its New Shareholder Information in accordance with this Section 7.1(c) on or before the date that is six (6) months following the Effective Date, the Company shall have no further obligation to issue or deliver, and shall have no further obligation to reserve on its books and records, any New Shares otherwise issuable to Beneficial First Lien Lenders (such shares, the "**Unissued New Shares**") that have not delivered their New Shareholder Information accordance this Section 7.1(c) and all such Beneficial First Lien Lenders shall cease to have a claim to, or interest of any kind or nature against or in, the Company or the Unissued New Shares.

(d) No fractional shares of the Company shall be allocated or issued under this Plan. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional shares of the Company issued pursuant to this Plan shall be rounded down to the nearest whole number without compensation therefor.

(e) All New Shares issued under this Plan shall be deemed to have been issued as fully paid and non-assessable shares of the Company, free and clear of any Liens except as provided in the Company's articles and in the Shareholders Agreement.

(f) The stated capital accounts for the Existing Shares and the New Shares and any adjustments thereto resulting from the transactions contemplated by this Plan shall be as determined by the New Board in accordance with the CBCA.

7.2 Distributions to the General Creditor Class

(a) General Creditors with Accepted Claims (including First Lien Lenders in respect of First Lien Deficiency Claims and Second Lien Noteholders in respect of Second Lien Deficiency Claims) shall receive distributions from the General Creditor Pool in accordance with Section 5.5 of this Plan.

(b) Distributions to be made under this Plan on account of First Lien Deficiency Claims shall be made by the Monitor to the First Lien Agent. Distributions to be made under this Plan on account of Second Lien Deficiency Claims shall be made by the Monitor to the Second Lien Trustee.

(c) Other than as specifically provided in Section 7.2(b), all distributions to be made under this Plan to a Creditor shall be made by the Monitor on behalf of the Company by cheque and will be sent, via regular mail, to such Creditor to the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in writing in accordance with Section 11.12 of this Plan.

(d) The Monitor may, but shall not be obligated to, make any distribution to the General Creditors before all Disputed Claims have been finally resolved for distribution purposes in accordance with the Claims Procedure Order, the Supplemental Claims Procedure Order or further Order.

(e) Notwithstanding anything else in this Plan, the aggregate of the distributions provided for in Section 5.5 and this Section 7.2 shall not exceed the amount of funds in the General Creditor Pool.

7.3 Disputed Claims

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

7.4 Interest on Affected Claims

Except in respect of First Lien Claims and Second Lien Claims, no interest or penalties shall accrue or be paid on an Affected Claim from and after or in respect of the period following the Filing Date and, except in the case of holders of First Lien Claims or Second Lien Claims, no holder of an Affected Claim will be entitled to any interest in respect of such Affected Claim accruing on or after or in respect of the period following the Filing Date. At the Effective Time, all interest accruing on any Affected Claim after or in respect of the period following the Filing Date shall be forever extinguished and released under this Plan as against the Company.

7.5 Distributions in respect of Transferred Claims

The Company and the Monitor shall not be obligated to deliver any distributions under this Plan to any transferee of an Affected Claim unless a Proof of Assignment has been delivered to the Monitor no later than the Initial Distribution Record Date.

7.6 Undeliverable and Unclaimed Distributions

In addition to the provisions of Section 7.1(c) of this Plan regarding the distribution of New Shares:

(a) If any Creditor entitled to a distribution pursuant to this Plan cannot be located by the Monitor on the applicable Distribution Date, or if any delivery or distribution to be made pursuant to Article 7 of this Plan is returned as undeliverable, such cash shall be set aside by the Monitor and deposited in a segregated, interest-bearing account to be maintained by the Monitor.

(b) If such Creditor is located by the Monitor within six (6) months after the applicable Distribution Date, such cash shall be distributed to such Creditor.

(c) If such Creditor cannot be located by the Monitor or if any delivery or distribution to be made pursuant to Article 7 of this Plan is returned as undeliverable, or in the case of any distribution made by cheque, the cheque remains uncashed, for a period of more than six (6) months after the applicable Distribution Date or the date of delivery or mailing of the cheque, whichever is later, the Claim of any Creditor with respect to such undelivered or unclaimed distribution shall be discharged and forever barred, notwithstanding any Applicable Law to the contrary, and any such cash allocable to the undeliverable or unclaimed distribution shall be released and returned by the Monitor to the Company, free and clear of any claims of such Creditor or any other Creditors and their respective successors and assigns. Nothing contained in this Plan shall require the Company or the Monitor to attempt to locate any holder of any undeliverable or unclaimed distributions.

7.7 Tax Matters

(a) All distributions to a Creditor or Person on behalf of a Creditor shall be made first with respect to the principal amount of the Claim owing to such

Creditor and only after all such principal has been paid shall the distribution be made with respect to the interest owing on such Claim.

(b) Notwithstanding any other provision in this Plan, each Creditor that is to receive a distribution or payment pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Authorized Authority on account of such distribution.

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

ARTICLE 8
CONDITIONS OF PLAN IMPLEMENTATION

8.1 Sanction Order

If this Plan is approved by the Required Majorities, the Company shall bring an application before the CCAA Court for the Sanction Order, which Sanction Order shall provide (unless otherwise agreed to by the Company, the Monitor, the Consenting First Lien Lenders and the First Lien Agent), among other things, that:

(a) (i) this Plan has been approved by the Required Majorities in conformity with the CCAA; (ii) the Company acted in good faith and complied with the provisions of the CCAA and the Orders made in the CCAA Proceeding in all respects; (iii) the CCAA Court is satisfied that the Company has not done or purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated hereby (including the Recapitalization and the Restructuring Transactions) are fair and reasonable;

(b) this Plan (including the compromises, arrangements, releases and the transactions contemplated herein, including the Recapitalization and the Restructuring Transactions) shall be sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on the Company, all Creditors and all other Persons as provided for in this

Plan or the Sanction Order and, at the Effective Time, will be effective and enure to the benefit of the Company, the Creditors and all other Persons as provided in this Plan or the Sanction Order;

(c) authorizing and approving the steps to be taken under this Plan, including the Restructuring Transactions, on the date they are deemed to occur and be effected by this Plan, and in the sequential order contemplated by Schedule "A" to this Plan on the Effective Date;

(d) subject to the performance by the Company of its obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, all Continuing Contracts that have not expired or been terminated prior to the Effective Date pursuant to their terms or by agreement will be and shall remain in full force and effect as at the Effective Date, unamended except as they may have been amended by agreement of the parties thereto subsequent to the Filing Date, and no Person who is a party to any such agreement shall, following the Effective Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such agreement, by reason of:

(i) any defaults or events of default arising as a result of the insolvency of the Company prior to the Effective Date;

(ii) any change of control of the Company arising from implementation of this Plan;

(iii) the fact that the Company has sought or obtained relief under the CCAA or that this Plan has been implemented by the Company;

(iv) the effect on the Company of the completion of any of the transactions contemplated by this Plan;

(v) any compromises or arrangements effected pursuant to this Plan; or

(vi) any other event(s) which occurred on or prior to the Effective Date which would have entitled any Person thereto to enforce those rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Company after the Filing Date.

(e) all Accepted Claims and Disallowed Claims determined in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order are final and binding on the Company and all Creditors;

(f) upon the Effective Date, all Alleged Priority Secured Claims and any security underlying such Alleged Priority Secured Claims shall be irrevocably, fully and finally discharged as against the Company and all of the Company's business assets and undertaking and the Priority Secured Claims Reserve shall stand in the place and stead of such security, with the same priority as it had just prior to the Effective Date;

(g) no meetings or votes of the Existing Shareholders or Persons holding Equity Claims are required in connection with this Plan (including the Restructuring Transactions);

(h) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgments, or other remedies or recoveries with respect to any Claim released, discharged or terminated pursuant to this Plan shall be permanently enjoined;

(i) the releases effected by this Plan are approved, and declared to be binding and effective as of the Effective Date upon all Creditors, the Company, the Monitor and all other Persons affected by this Plan and shall enure to the benefit of all such Persons;

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

(k) except for the Administration Charge which shall continue against the Administrative Reserve Fund subject to further Order, all CCAA Charges established by the Initial Order or any other Order, shall be terminated, released and discharged effective on the Effective Date;

(l) upon receipt from the Company, the Monitor shall hold and distribute the Plan Implementation Fund in accordance with this Plan;

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

(n) each Beneficial First Lien Lender shall be deemed to be a party to the Shareholders Agreement on the Effective Date, each in its capacity as a holder of the New Shares;

(o) any written or oral agreement, option or warrant, or any right or privilege capable of becoming such, for the purchase, subscription, allotment or issuance of any shares or other form of equity interest (or any securities or investments convertible, exercisable or exchangeable for any shares or other form of equity interest) in the Company, and any agreements or instruments entitling any holder thereof to any participation in the Company, are of no further force or effect as at the Effective Date and all certificates evidencing Existing Shares are cancelled, null and void;

(p) any claims for which a Proof of Claim has not been filed by the dates required by the Claims Procedure Order or the Supplemental Claims Procedure Order shall be forever barred and extinguished in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order, as applicable;

(q) all Liens of Affected Creditors, including all security registrations in favour of any Affected Creditor, are discharged and extinguished, and the Company or its counsel shall be authorized and permitted to file discharges and full terminations of all Lien filings (whether pursuant to personal property security legislation or otherwise) against the Company in favour of the First Lien Agent, the Second Lien Trustee, the Collateral Trustee or any other Affected Creditor in any jurisdiction without any further action or consent required whatsoever; and

(r) the Monitor is authorized to perform its obligations under this Plan on and after the Effective Date, including authorization to instruct and obtain assistance from its legal counsel and/or Cassels as necessary to do so and as further provided herein.

8.2 Conditions of Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment or waiver, where applicable, of the following conditions on or before the Effective Date or the date specified therefor:

(a) the Company, the Consenting First Lien Lenders and the First Lien Agent shall have complied with all provisions of the Support Agreement;

(b) all conditions of the Support Agreement (including, for certainty, as set out the Plan Term Sheet) shall have been satisfied or waived in accordance with its terms;

(c) this Plan shall have been approved by the Required Majorities;

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

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

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

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

(h) no injunction or other order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Plan and the Support Agreement, and no proceedings therefor shall have been commenced before any court or governmental or regulatory authority;

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

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

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

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

(m) the composition of the New Board shall be as determined in accordance with the Support Agreement;

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

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

Each of the conditions set out in this Section 8.2 may be waived in whole or in part by the Company with the prior written consent of the Consenting First Lien Lenders by written notice to the Monitor. If the conditions in this Section 8.2 have not been satisfied or waived in accordance with this Section 8.2 by the Outside Date (or such later date as the Company, the Consenting First Lien Lenders, the First Lien Agent and the Monitor agree), this Plan shall automatically terminate, in which case the Company shall not be under any further obligation to implement this Plan.

8.3 Monitor's Certificate

Upon satisfaction or waiver of the conditions set out in Section 8.2, the Company and the Consenting First Lien Lenders, shall give written notice to the Monitor that the conditions set out in Section 8.2 have been satisfied or waived, and the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Company and the Consenting First Lien Lenders, a certificate which states that all conditions precedent set out in Section 8.2 have been satisfied or waived, in substantially the form as the certificate attached as 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 Consenting First Lien Lenders and the Monitor to any such variation, modification, amendment or supplement, which consent shall not be unreasonably withheld. Any such supplementary or amended and restated plan or plans of compromise or arrangement or both shall, for all purposes, be deemed to be a part of and incorporated into this Plan. Any such variation, modification, amendment or supplement shall be posted on the Website and e-mail notice will be provided to the CCAA Proceeding service list. Creditors are advised to check the Website regularly. Creditors who wish to receive written notice of any variation, modification, amendment or supplement to the Plan should contact the Monitor in the manner set out in Section 11.12 of this Plan. Creditors in attendance at the Creditors' Meetings will also be advised of any such variation, modification, amendment or supplement to the Plan.

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

9.2 Amendments to Plan Following Approval

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

ARTICLE 10
EFFECT OF THE PLAN

10.1 Implementation

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

10.2 Effect of the Plan Generally

At the Effective Time, the payment, compromise or satisfaction of any Affected Claims under this Plan shall be binding upon all Persons, his, her or its heirs, executors, administrators, legal or personal representatives, successors and assigns, as the case may be, for all purposes and this Plan will constitute: (a) full, final and absolute settlement of all rights of any Persons against the Company and the Directors and Officers in respect of the Affected Claims and Equity Claims; (b) an absolute release and discharge of all indebtedness, liabilities and obligations of or in respect of the Affected Claims and Equity Claims against the Company and the Directors and Officers and all Liens granted by the Company in respect thereof, including any interest, costs, fees or penalties accruing thereon whether before or after the Filing Date; and (c) a reorganization of the capital of the Company, as provided in Schedule "A" hereto.

10.3 Compromise Effective for All Purposes

No Person who has a Claim as a guarantor, surety, indemnitor or similar covenant in respect of any Claim which is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised or released under this Plan shall be entitled to any greater rights than the Creditor or Existing Shareholder whose Claim was compromised under this Plan. Accordingly, the payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon such Creditor or Existing Shareholder, his, her or its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

10.4 Release of Company and Other Released Parties

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

Notwithstanding the foregoing, nothing in this Section 10.4 shall release or discharge:

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

(b) a Released Party from its obligations under this Plan;

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

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

10.5 Injunction

Subject to the exceptions stated in sub-paragraphs (a) through (d) of Section 10.4 of this Plan, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to the Affected Claims, the Equity Claims and the Released Claims, from:

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

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

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

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

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

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

10.6 Knowledge of Claims

Each Person to which Section 10.4 applies shall be deemed to have granted the releases set out in this Section 10.4 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any Applicable Law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the Effective Time.

10.7 Waiver of Defaults

At the Effective Time, and subject to any express provisions to the contrary in any amending agreement entered into with the Company after the Filing Date, all Persons shall be deemed to have waived any and all defaults of the Company then existing or previously committed, caused by any of the provisions hereof, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, and any amendments or supplements thereto, existing between such Person and the Company. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or other notices, including any notices of intention to proceed to enforce security, arising from any of such aforesaid defaults shall be deemed to have been rescinded and withdrawn. For greater certainty, nothing in this Section shall waive any obligations of the Company in respect of any Unaffected Claim.

10.8 Consents and Waivers

At the Effective Time, all Creditors shall be deemed to have consented and to have agreed to all of the provisions of this Plan in its entirety. Each Creditor shall be deemed to have (a) granted, and executed and delivered to the Company all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety and (b) agreed that if any conflict exists between the provisions of any agreement or arrangement, written or oral, existing between the Company and such Creditor and the provisions of this Plan, then the provisions of this Plan shall govern and the provisions of such other agreement or arrangement shall be amended accordingly.

10.9 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.10 Preferential Transactions

Sections 95 to 101 of the BIA and any Applicable Law relating to preferences, settlements, fraudulent conveyances or transfers at undervalue shall not apply in any respect, including, without limitation, to any dealings prior to the Filing Date, to this Plan, to any payments or distributions made in connection with the restructuring and recapitalization of the Company, whether made before or after the Filing Date, or to any and all transactions contemplated by and to be implemented pursuant to this Plan.

10.11 Compromise of Claims under Section 19(2) of the CCAA

On the Effective Date, the following Claims which have been preserved in accordance with the Claims Procedure Order or the Supplemental Claims Procedure Order shall be compromised under this Plan, including pursuant to the terms of this Article 10 and shall be deemed to be a Released Claim pursuant to Section 10.4 of this Plan:

(a) any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence;

(b) any award of damages by a court in civil proceedings in respect of

(i) bodily harm intentionally inflicted, or sexual assault, or

(ii) wrongful death resulting from an act referred to in subparagraph (i);

(c) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity or, in Quebec, as a trustee or an administrator of the property of others;

(d) any debt or liability resulting from obtaining property or services by false pretences or fraudulent misrepresentation, other than a debt or liability of the Company that arises from an Equity Claim; or

(e) any debt for interest owed in relation to an amount referred to in any of paragraphs (a) to (d),

provided that this Section shall only apply to a Person who voted (in person or by proxy) in favour of this Plan at the Creditors' Meetings.

ARTICLE 11
GENERAL PROVISIONS

11.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, assurances, instruments, documents, elections, consents or filings as may be reasonably required by the Company in order to implement this Plan.

11.2 Set-Off

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

11.3 Paramountcy

Without limiting any other provision hereof, from and after the Effective Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between the Company and any other Persons affected by this Plan, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

11.4 Revocation, Withdrawal, or Non-Consummation

The Company reserves the right to revoke or withdraw this Plan at any time prior to the Effective Time and to file subsequent plans of compromises or arrangement. If the Company revokes or withdraws this Plan, or if the Sanction Order is not issued, (a) this Plan shall be null and void in all respects, (b) any Affected Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Affected Claim to an amount certain), and any document or agreement executed pursuant to this Plan shall be deemed null and void, and (c) nothing contained in this Plan, and no action taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against the Company or any Person; (ii) prejudice in any manner the rights of the Company or any Person in any further proceedings involving the Company, or (iii) constitute an admission of any sort by the Company or any Person.

11.5 Preservation of Rights of Action

Except as otherwise provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, following the Effective Time, the Company will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Company may hold against any Person or entity, without further approval of the CCAA Court.

11.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceeding with respect to the Company and is not responsible or liable for any obligations of the Company. The Monitor will have the powers and protections granted to it by this Plan, by the CCAA and by any Order, including the Initial Order, the Claims Procedure Order, the Supplemental Claims Procedure Order and the Creditors’ Meetings Order. Both prior to and after the Effective Date, the Company shall provide such assistance as reasonably required by the Monitor in connection with the completion of the Monitor’s duties and obligations under this Plan.

11.7 Reliance Upon Consent

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

For the purposes of this Plan, where a matter shall have been agreed, waived, consented to or approved by the Consenting First Lien Lenders, or a matter must be satisfactory or acceptable to the Consenting First Lien Lenders, such matter shall be decided by the Majority Consenting First Lien Lenders and any Person shall be entitled to rely on written confirmation from Bennett Jones LLP, as counsel to the Consenting First Lien Lenders, that the Majority Consenting First Lien Lenders have agreed, waived, consented to or approved a particular matter.

11.8 Adjudication of Unresolved Claims

Following the Effective Time, Cassels shall continue to have primary carriage and responsibility as legal counsel in connection with litigation or other adjudication of any remaining Disputed Claims, Alleged Priority Secured Claims, Alleged Retention Plan Claims or Alleged Directors' Charge Claims pursuant to this Plan, the Claims Procedure Order, the Supplemental Claims Procedure Order or otherwise.

11.9 Obligation to Pay Only to the Extent Funds are Available

Notwithstanding any other provision of this Plan, and without in any way limiting the protections for the Monitor set out in the Orders or the CCAA, the Monitor shall have no obligation to make any payment contemplated under this Plan, and nothing shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full.

11.10 Application of First Lien Credit Agreement to Actions of First Lien Agent

The First Lien Credit Agreement (and any other loan document applicable to the First Lien Agent and the agency that the First Lien Agent is providing under and in connection with the First Lien Credit Agreement) continue to apply, including the provisions of Article VIII of the First Lien Credit Agreement (and, without limiting the generality of the foregoing, the First Lien Agent's right to delegate any of its duties and/or rights and powers to a sub-agent in accordance with the terms of Section 8.05 of the First Lien Credit Agreement), provided, however, that in the case of any delegation to a sub-agent, the First Lien Agent shall take all such steps as requested by the Consenting First Lien Lenders to cause such sub-agent to do such things as are necessary to effect and complete the actions and steps contemplated under this Plan.

11.11 Monitor shall have no Personal Liability

The Monitor shall not incur any liability whatsoever, including in respect of (a) any amount paid, required to be paid or not paid pursuant to this Plan, (b) any costs or expenses incurred in connection with, in relation to or as a result of any payment made, required to be made or not made, or (c) any deficiency in the Plan Implementation Fund or any reserves established pursuant to this Plan.

11.12 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference this Plan and may, subject to as hereinafter provided, be made or given by mail, personal delivery or by e-mail transmission addressed to the respective parties as follows:

(a) if to the Company:

Connacher Oil and Gas Limited
Suite 1040, 640 5th Avenue SW
Calgary, Alberta T2P 3G4

Attention: Merle Johnson
Email: MeJohnson@Connacheroil.com

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

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King St. West
Toronto, Ontario M5H 3C2

Attention: Ryan Jacobs/Joseph Bellissimo
E-mail: rjacobs@casselsbrock.com/jbellissimo@casselsbrock.com

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

Ernst & Young Inc.,
in its capacity as Monitor of Connacher Oil and Gas Limited
Calgary City Centre
Suite 2200, 215 – 2nd Street SW
Calgary, Alberta T2P 1M4

Attention: Peter Chisholm
Email: peter.chisholm@ca.ey.com

(b) if to the Monitor:

Ernst & Young Inc.,
in its capacity as Monitor of Connacher Oil and Gas Limited
Calgary City Centre
Suite 2200, 215 – 2nd Street SW
Calgary, Alberta T2P 1M4

Attention: Peter Chisholm
Email: peter.chisholm@ca.ey.com

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

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary, Alberta T2P 4K9

Attention: Sean F. Collins/Walker MacLeod
Email: scollins@mccarthy.ca/wmacleod@mccarthy.ca

(c) if to the Consenting First Lien Lenders:

Bennett Jones LLP
3400 One First Canadian Place
Toronto, Ontario M5X 1A4

Attention: Sean Zweig/Luke Morrison
Email: zweigs@bennettjones.com/morrisonl@bennettjones.com

(d) if to the First Lien Agent

Wilmington Trust, National Association
Rodney Square North, 1100 North Market Street
Wilmington, DE 19890

Attention: Joseph B. Feil
Email: jfeil@wilmingtontrust.com

with a copy (which shall not constitute notice) given in like manner to:

Jones Day
222 East 41st Street
New York, NY 10017-6702

Attention: Lewis Grimm
Email: lgrimm@jonesday.com

(e) if to a Creditor:

To the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in accordance with this Section,

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or e-mailed if sent before 5:00 p.m. (Calgary time) on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent. Any notice or other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

If during any period during which notices or other communications are being given pursuant to this Plan a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of the CCAA Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery or electronic or digital transmission in accordance with this Plan.

SCHEDULE "A"

RESTRUCTURING TRANSACTIONS

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

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

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

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

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

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

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

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

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

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

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

(e) the Shareholders Agreement shall become effective;

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE “B”

FORM OF MONITOR’S CERTIFICATE

COURT FILE NUMBER	1601-06131	Clerk’s Stamp
COURT	COURT OF QUEEN’S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
COMPANY	**IN THE MATTER OF THE *COMPANIES’ CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED** **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CONNACHER OIL AND GAS LIMITED**	
DOCUMENT	**MONITOR’S CERTIFICATE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MCCARTHY TETRAULT LLP** Suite 4000, 421 7th Avenue SW Calgary, Alberta T2P 4K9 Attn: Sean Collins/Walker MacLeod Tel: 403-260-3531 Fax: 403-260-3501 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca	

RECITALS

A. Pursuant to the order of this Honourable Court dated May 17, 2016 (the “**Initial Order**”), the Company filed for and obtained protection from its creditors under the *Companies’ Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended.

B. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the monitor of the Company (the “**Monitor**”) with the powers, duties and obligations set out in the Initial Order;

C. The Company has filed a Plan of Compromise and Arrangement under the CCAA dated May 6, 2019 (the “**Plan**”), which Plan has been approved by the requisite majorities of Creditors in each Class and the Court; and

D. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the Plan.

THE MONITOR HEREBY CERTIFIES the following:

1. The Monitor has received written confirmation from the Company, in form and substance satisfactory to the Monitor, that the conditions to the implementation of the Plan set out in Section 8.2 of the Plan have been satisfied or waived in accordance with the Plan;

2. The Monitor has received the Plan Implementation Fund in accordance with the terms of the Plan; and

3. This Certificate was delivered by the Monitor to the Company and counsel to the Consenting First Lien Lenders on ____________________________ **[Date]**.

ERNST & YOUNG INC., in its capacity as the Court-appointed Monitor of the Company and not in its personal or corporate capacity

By: ________________________________

Name:

Title:

EXHIBIT "B"

This is Exhibit " B "
referred to in the affidavit of
Jeff Beeston
sworn before me this 10
day of June, 20 19.

Thomas Neville

A Commissioner for Oaths in and for Alberta

THOMAS NEVILLE
A Commissioner for Oaths
in and for Alberta
My Commission Expires April 13, 2022

COURT FILE NO.	1601-06131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT FILED MAY 06 2019 JUDICIAL CENTRE OF CALGARY
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 (AMENDED & RESTATED SUPPORT AGREEMENT APPROVAL ORDER & 2019 CREDITORS' MEETINGS ORDER)** VOLUME I OF II	
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	

AFFIDAVIT OF MERLE JOHNSON
Sworn on May 6, 2019

I, Merle Johnson, of Calgary, Alberta, **MAKE OATH 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 (the "**Application**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") for

(a) an order substantially in the form attached as Schedule “A” to the Application (the “**Amended and Restated Support Agreement Approval Order**”), *inter alia*:

(i) approving and authorizing Connacher’s entry into that certain Amended and Restated Support Agreement dated May 6, 2019 (as may be amended from time to time, the “**Amended and Restated Support Agreement**”) among Connacher, 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**”) and Wilmington Trust, National Association (the “**First Lien Agent**”);

(ii) authorizing and approving the credit bid key employee retention plan (the “**Credit Bid KERP**”);

(iii) directing that all obligations under the Credit Bid KERP be secured by the KEIP Charge (as defined below); and

(iv) sealing on the Court file Confidential Exhibit “1” hereto; and

(b) an order substantially in the form attached as Schedule “B” to the Application (the “**2019 Creditors’ Meetings Order**”), *inter alia*:

(i) accepting the filing of Connacher’s Plan of Compromise and Arrangement dated May 6, 2019 attached at Schedule “C” to the Amended and Restated Support Agreement (as may be further amended from time to time, the “**2019 CCAA Plan**”);

(ii) authorizing Connacher to establish two classes of creditors for the purpose of considering and voting on the 2019 CCAA Plan: (i) the First Lien Lender Class; and (ii) the General Creditor Class (each as defined below);

(iii) authorizing Connacher to call, hold and conduct a meeting of the First Lien Lender Class and a meeting of the General Creditor Class on June 19, 2019 (together, the “**2019 Creditors’ Meetings**”) to consider and vote on resolutions to approve the 2019 CCAA Plan, and approving the procedures to be followed with respect to the 2019 Creditors’ Meetings; and

(iv) setting June 20, 2019 as the date for the hearing (the “**2019 Plan Sanction Hearing**”) of Connacher’s application for an order to sanction the 2019 CCAA Plan (the “**2019 Plan Sanction Order**”) should the 2019 CCAA Plan be approved for filing and approved by the requisite majorities of creditors at the 2019 Creditors’ Meetings.

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 2019 CCAA 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, this Honourable Court granted the Order (Support Agreement, SISP & KEIP Approval) (the "**Support Agreement, SISP & KEIP Approval Order**"). Since that time, with the support of the Consenting First Lien Lenders, Houlihan Lokey Capital, Inc. (the "**Financial Advisor**") and Ernst & Young, Inc. (the "**Monitor**"), Connacher conducted a Court-approved sale and investment solicitation process (the "**SISP**"), backstopped by a stalking horse credit bid from the Consenting First Lien Lenders (the "**Original Credit Bid Transaction**").

6. Connacher selected East River Oil and Gas Ltd. ("**East River**") as the successful bidder under the SISP and concluded definitive transaction agreements with East River. The agreements contemplated a going-concern sale of Connacher to East River, which was to be implemented either through a plan of compromise and arrangement under the CCAA or, upon the occurrence of certain events, a sale of substantially all of Connacher's assets, as described further below.

7. After obtaining Court-approval of the East River transaction agreements and authorization to file Connacher's Amended and Restated Plan of Compromise and Arrangement dated August 13, 2018 (the "**2018 CCAA Plan**") with the Court, Connacher obtained the unanimous approval of the affected creditors who voted in person or by proxy on the 2018 CCAA Plan at creditors' meetings held on October 3, 2018 (the "**2018 Creditors' Meetings**"). The 2018 CCAA Plan was sanctioned by this Court the following day.

8. As discussed further below, following several extensions of the outside dates under the transaction agreements with East River, on February 16, 2019, in consultation with the Monitor and with the consent of the Consenting First Lien Lenders, Connacher terminated the East River agreements and, by extension, the 2018 CCAA Plan. In accordance with the transaction agreements, Connacher retained the deposits, in the aggregate amount of $13.5 million, paid by East River.

9. Since that time, Connacher, the Consenting First Lien Lenders and the First Lien Agent have developed an alternative transaction structure to replace the Original Credit Bid Transaction that had backstopped the SISP, resulting in Connacher, the Consenting First Lien Lenders and the First Lien Agent entering into the Amended and Restated Support Agreement.

10. Pursuant to the Amended and Restated Support Agreement, Connacher, the Consenting First Lien Lenders and the First Lien Agent have agreed to pursue a credit bid of a portion of the first lien obligations through the implementation of a CCAA plan of compromise and arrangement, substantially on the terms set out in the 2019 CCAA Plan. If implemented, the 2019 CCAA Plan will effect (i) a recapitalization of Connacher's financial obligations, resulting in the First Lien Lenders becoming the sole equity holders of Connacher and (ii) the compromise of all Affected Claims. As discussed further below, under the 2019 CCAA Plan, the General Creditor Class will receive substantially the same treatment that they voted unanimously to receive under the now-terminated 2018 CCAA Plan.

11. Under the Amended and Restated Support Agreement, upon the occurrence of a "CCAA Plan Termination Event" (as defined in the Amended and Restated Support Agreement and described in greater detail below), Connacher, the Consenting First Lien Lenders and the First Lien Agent have agreed that they will instead implement a credit bid asset purchase transaction substantially similar to the Original Credit Bid Transaction under the Original Support Agreement (as defined below), with certain modifications to the terms of the financing facility.

12. Connacher and the Consenting First Lien Lenders prefer to complete the 2019 CCAA Plan transaction as opposed to completing an asset purchase transaction because the 2019 CCAA Plan transaction maximizes value to Connacher's creditors and other stakeholders that would not be available in an asset sale, including providing recoveries to Connacher's affected unsecured creditors that would not be realized in an asset sale scenario.

13. In addition, under the Amended and Restated Support Agreement, Connacher and the Consenting First Lien Lenders have also agreed on the terms of the Credit Bid KERP, to provide a retention payment program to Connacher's key employees in order to ensure these key employees remain with Connacher through implementation of a transaction and beyond Connacher's exit from CCAA protection. The Credit Bid KERP is discussed further below.

14. To effect these proposed transactions, on this Application, Connacher seeks the approval of (i) the Amended and Restated Support Agreement Approval Order, which, *inter alia*, approves the Amended and Restated Support Agreement and Credit Bid KERP, and (ii) the 2019 Creditors' Meetings Order, which, *inter alia*, accepts the filing of the 2019 CCAA Plan and sets out procedures for the solicitation of votes on the 2019 CCAA Plan from Connacher's affected creditors.

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

II. Background

A. Connacher's CCAA Proceeding

16. On May 17, 2016, the Honourable Madam Justice Dario granted the Initial Order (the "**Initial Order**"), which provided for, among other things, a stay of proceedings up to and including June 16, 2016 (the "**Stay Period**"). The Stay Period has been extended several times, including most recently on March 15, 2019, when the Honourable Mr. Justice Yamauchi granted an Order extending the Stay Period through and including June 28, 2019.

17. Since the CCAA filing, Connacher has, in consultation with the Consenting First Lien Lenders and the Monitor, continued its operations in the ordinary course and implemented a number of operational and financial improvements for the benefit of the business, in all cases subject to the terms of the Initial Order and the other Court orders granted to date.

18. 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.

B. Original Support Agreement and SISP

19. On March 28, 2018, this Court approved Connacher's entry into a support agreement dated March 19, 2018 (the "**Original Support Agreement**") with the First Lien Agent and the Consenting First Lien Lenders. On the same application, this Court approved a renewed sale and investment solicitation process (the "**SISP**"), which set out procedures for Connacher to test the market for a sale of, or investment in, its business or assets.

20. The Original Support Agreement provided that if a superior transaction identified pursuant to the SISP was not completed by the "Credit Bid Trigger Date" (as defined in the Original Support Agreement), subject to the satisfaction or waiver of various terms and conditions, the Consenting First Lien Lenders would direct the First Lien Agent to complete the Original Credit Bid Transaction, whereby the First Lien Agent would form a new company to credit-bid a portion of the first lien debt in exchange for all or substantially all of Connacher's assets. Effectively, the Original Credit Bid Transaction acted as a backstop to the SISP, whereby the First Lien Lenders would become the owner of Connacher's assets if a superior transaction was not identified and completed pursuant to the SISP.

21. Working with the Monitor and the Financial Advisor, Connacher conducted the SISP in accordance with its terms. As has been previously reported to this Court, the SISP attracted interest from several parties and resulted in a thorough market testing of Connacher's business and assets.

22. With the support of the Consenting First Lien Lenders and the Monitor, Connacher selected East River as the successful bidder in the SISP.

C. The East River Transactions

23. On August 2, 2018, Connacher agreed to effect a going concern sale of its business to East River either by completing:

(a) in the first instance, a CCAA plan transaction on the terms set out in the 2018 CCAA Plan (the "**East River Plan Transaction**") pursuant to the terms of a CCAA Acquisition and Plan Sponsorship Agreement dated August 2, 2018, as amended (the "**East River Plan Sponsorship Agreement**"); or

(b) alternatively, in the event of a CCAA Plan Termination Event (as defined in the East River Plan Sponsorship Agreement) an asset sale transaction (the "**East River Purchase Transaction**" and together with the East River Plan Transaction, the "**East River Transactions**") pursuant to the terms of a Purchase and Sale Agreement dated August 2, 2018, as amended (the "**East River Purchase Agreement**" and together with the East River Plan Sponsorship Agreement, the "**East River Transaction Agreements**").

24. The East River Transaction Agreements were approved by this Court on August 22, 2018. On that same application, this Court approved a Supplemental Claims Procedure Order (the "**Supplemental Claims Procedure Order**"), which, together with an earlier Claims Procedure Order granted on August 24, 2016 (the "**Claims Procedure Order**"), identified certain priority claims and other claims that would be required to be satisfied in full or compromised under the terms of the 2018 CCAA Plan.

25. In accordance with the Creditors' Meetings Order granted by this Court on August 22, 2018 (the "**2018 Creditors' Meetings Order**"), Connacher's 2018 CCAA Plan was unanimously approved by the affected creditors who voted in person or by proxy at the 2018 Creditors' Meetings.

26. On October 4, 2018, following the 2018 Creditors' Meetings, this Court granted an order, *inter alia*, sanctioning and approving the 2018 CCAA Plan pursuant to the CCAA. Connacher and East River then began preparing to complete the East River Plan Transaction.

27. As has been previously reported to this Court, the outside dates to complete the East River Transactions under the East River Transaction Agreements were extended several times in order to provide East River time to complete the East River Transactions.

28. Finally, in or around the end of January 2019, East River again notified Connacher that it would not be able to obtain all of the required regulatory approvals from authorities in the People's Republic of China (the "**East River PRC Approvals**") required to complete a transaction by the then January 31, 2019 outside date and requested a further amendment of the outside dates under the East River Transaction Agreements to March 29, 2019.

29. Following negotiations among the parties, on February 1, 2019, East River and Connacher, with the consent of the Consenting First Lien Lenders and in consultation with the Monitor, executed the Outside Date Amending Agreement No. 2, which, *inter alia*, provided for a further extension of the outside dates under the East River Transaction Agreements to March 29, 2019, subject to and conditional upon East River paying an additional deposit to the Monitor, in trust for Connacher, in the amount of $2,000,000 by February 15, 2019. In addition, the Outside Date Amending Agreement No. 2 provided that the deposits previously paid by East River to the Monitor (in the aggregate amount of $13,500,000) were immediately forfeited to Connacher for the account of Connacher, provided that the deposits would be applied to the consideration to be paid by East River if the East River Transactions were completed by March 29, 2019.

30. East River failed to deliver the further $2,000,000 deposit by February 15, 2019 and neither of the East River Transactions were completed on that date. As a result, on February 16, 2019, Connacher delivered a termination notice to East River pursuant to the East River Plan Sponsorship Agreement, terminating the East River Transactions and, by extension, the 2018 CCAA Plan. As a result, the Monitor paid over to Connacher the forfeited East River deposits in the aggregate amount of $13,500,000.

D. Support Agreement Amending Agreement

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

32. However, the Consenting First Lien Lenders advised Connacher that they wished to further consider the structure of the Original Credit Bid Transaction and potential value-preservation options, including potentially pursuing the Original Credit Bid Transaction through a plan of compromise and arrangement under the CCAA.

33. On March 4, 2019, Connacher, the Consenting First Lien Lenders and the First Lien Agent entered into a Support Agreement Amending Agreement, which among other things:

    (a) deferred the “Credit Bid Trigger Date” to March 8, 2019 or such other date as the Consenting First Lien Lenders holding a majority of the principal amount of debt outstanding under the First Lien Credit Agreement (“**Majority Consenting First Lien Lenders**”) and Connacher may agree; and

    (b) amended the definition of “Outside Date” under the Original Support Agreement to be May 31, 2019 or such other date as the Majority Consenting First Lien Lenders and Connacher may agree.

34. Subsequent to the execution of the Support Agreement Amending Agreement, Connacher and the Majority Consenting First Lien Lenders agreed to further extend the “Credit Bid Trigger Date” to May 16, 2019, to provide additional time for the parties to continue their ongoing discussions on potential amendments to the structure and terms of the Original Credit Bid Transaction. Further, Connacher and the Majority Consenting First Lien Lenders agreed to extend the “Outside Date” under the Original Support Agreement to June 28, 2019.

35. On May 6, 2019, Connacher, the Consenting First Lien Lenders and the First Lien Agent executed the Amended and Restated Support Agreement. A copy of the Amended and Restated Support Agreement is attached hereto as **Exhibit “A”**, with certain redactions that are the subject of Connacher’s request for a sealing order, as discussed below. In addition, attached hereto as **Exhibit “B”** is a blackline of the Amended and Restated Support Agreement compared to the Original Support Agreement (with schedules omitted).

III. <u>Amended and Restated Support Agreement</u>

A. Amended and Restated Support Agreement Transactions

36. Subject to approval by this Court, the parties to the Amended and Restated Support Agreement have agreed to use commercially reasonable efforts to effect a transaction whereby the First Lien Lenders will own Connacher’s business either through:

(a) an exchange of a portion of the first lien obligations for new senior secured debt of Connacher and all of Connacher's equity, which shall be effected by way of the 2019 CCAA Plan, which is summarized below (the "**Plan Transaction**"); or

(b) if a CCAA Plan Termination Event occurs (as discussed below), the First Lien Agent, on behalf of the First Lien Lenders, shall cause a new company to be formed by the First Lien Agent (the "**Credit Bid Purchaser**") to credit bid a portion of the first lien obligations for all or substantially all of Connacher's property and assets (the "**Credit Bid Transaction**").

37. The Plan Transaction is more particularly described in the Plan Term Sheet attached as Schedule "B" to the Amended and Restated Support Agreement (the "**Plan Term Sheet**"). The Credit Bid Transaction is more particularly described in the Credit Bid Term Sheet attached as Schedule "D" to the Amended and Restated Support Agreement (the "**Credit Bid Term Sheet**"). Each is also summarized below.

38. The obligations of Connacher, the Consenting First Lien Lenders and the First Lien Agent under the Amended and Restated Support Agreement remain subject to certain conditions precedent, including, but not limited to, obtaining Court approval of the Amended and Restated Support Agreement.

39. In addition to covenants and obligations substantially similar to those contained in the Original Support Agreement, certain of Connacher's additional covenants and obligations under the Amended and Restated Support Agreement include Connacher using its reasonable best efforts (including taking all reasonable actions necessary to obtain any regulatory approvals) to achieve the timelines set out in the Plan Term Sheet or the Credit Bid Term Sheet, as applicable.

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

41. Pursuant to the Amended and Restated Support Agreement, the Consenting First Lien Lenders each agree to take all commercially reasonable actions necessary to consummate the Plan Transaction, including to vote on a timely basis in favour of the 2019 CCAA Plan and to support Connacher's requests for approval of the 2019 Creditors' Meetings Order and 2019 Plan Sanction Order.

42. A CCAA Plan Termination Event will occur if:

(a) within five business days of the applicable timelines set forth in the Plan Term Sheet, the Amended and Restated Support Agreement Approval Order, the 2019

Creditors' Meetings Order or the 2019 Plan Sanction Order are not granted or the 2019 CCAA Plan is not implemented;

(b) the requisite creditor approval of the 2019 CCAA Plan is not obtained at the 2019 Creditors' Meetings; or

(c) Connacher and the Majority Consenting First Lien Lenders jointly determine that it is no longer viable to implement the Plan Transaction pursuant to the 2019 CCAA Plan.

43. In the event of a CCAA Plan Termination Event, the Credit Bid Purchaser shall execute and deliver to Connacher the Credit Bid Purchase and Sale Agreement substantially in the form attached as Schedule "E" to the Amended and Restated Support Agreement (the "**PSA**") and Connacher will apply to this Court to seek approval of the PSA and the vesting of Connacher's assets in the Credit Bid Purchaser (the "**Approval and Vesting Order**"). The form of PSA is substantially the same as the form of purchase and sale agreement that was attached to the Original Support Agreement.

44. Each Consenting First Lien Lender agrees that it shall not take any action inconsistent with the Amended and Restated Support Agreement that would frustrate or hinder the consummation of the Plan Transaction or Credit Bid Transaction. Further, if a CCAA Plan Termination Event occurs, each Consenting First Lien Lender agrees to promptly deliver to the First Lien Agent an executed direction and to exercise any power or authority it has to cause the Credit Bid Purchaser to execute and deliver the PSA to Connacher and each agree to take all commercially reasonable actions necessary to consummate the Credit Bid Transaction.

45. I am advised by counsel to the Consenting First Lien Lenders that, collectively, the Consenting First Lien Lenders hold a sufficient amount of the first lien indebtedness to direct the First Lien Agent to enter into the PSA.

46. The Amended and Restated Support Agreement contains certain termination rights, including rights in favour of Connacher, the Consenting First Lien Lenders and the First Lien Agent if any of the timeline requirements set out in the Plan Term Sheet or the Credit Bid Term Sheet are not met. Connacher may also terminate the Amended and Restated Support Agreement if the Consenting First Lien Lenders no longer constitute the requisite number of First Lien Lenders under the First Lien Credit Agreement to direct the First Lien Agent to proceed with a transaction.

1. <u>Plan Term Sheet</u>

47. The Plan Term Sheet describes the material terms of the Plan Transaction.

48. The agreed timeline for the Plan Transaction is as follows:

(a) Obtain Court approval of the Amended and Restated Support Agreement Approval Order and the 2019 Creditors' Meetings Order – May 16, 2019;

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

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

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

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

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

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

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

(c) each Tranche A Lender under the First Lien Credit Agreement shall receive in respect of the principal amount of its Tranche A Loans its *pro rata* share of the obligations under a new senior secured term facility (the "**New Senior Secured Term Facility**");

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

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

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

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

(b) Original issue discount – 2.0%, to be paid by Connacher to the new agent for the benefit of the First Lien Lenders on the effective date. This term requires Connacher to make a US$836,753.68 cash payment to the First Lien Lenders on the effective date;

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

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

(e) Guarantors – any existing and future subsidiaries of Connacher;

(f) Security and Ranking – first lien security interest in substantially all of Connacher's assets and subject to permitted encumbrances including (i) ATB Financial's security interest in certain cash collateral held by ATB in connection with credit facilities which will be unaffected by the 2019 CCAA Plan, and (ii) the security interests granted in connection with the BEH Royalty Agreement, which will be unaffected by the 2019 CCAA Plan; and

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

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

53. Connacher shall seek Court approval of the Credit Bid KERP and comply with its terms. Any claims of the beneficiaries under the Credit Bid KERP to payments due thereunder shall be an "Unaffected Claim" under the 2019 CCAA Plan.

54. A management incentive plan and key management employment agreements shall be in place on terms acceptable to the Consenting First Lien Lenders and the applicable management team members on the effective date of the Plan Transaction or on the closing of the Credit Bid Transaction. Connacher's obligations to its non-executive employees shall remain unaffected by the 2019 CCAA Plan.

55. Upon implementation of the Plan Transaction, the board of directors of Connacher (the "**New Board**") will be comprised of at least five directors, who will initially be:

(a) myself, as Chief Executive Officer of Connacher;

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

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

2. <u>Credit Bid Term Sheet</u>

56. The Credit Bid Term Sheet describes the material terms of the Credit Bid Transaction, which the Consenting First Lien Lenders have agreed to pursue in the event of a CCAA Plan Termination Event.

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

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

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

(c) Submission to Alberta Energy Regulator ("**AER**") of licence transfer applications – contemporaneously with the execution of the PSA; and

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

58. The Credit Bid Term Sheet provides, among other things, that in the event of a CCAA Plan Termination Event, the First Lien Agent and the Consenting First Lien Lenders shall take such steps as are required to promptly cause the Credit Bid Purchaser to execute and deliver the PSA to Connacher and to proceed in respect of the implementation of the Credit Bid Transaction as soon as possible thereafter. With the exception of certain of the terms of the financing facility, the Credit Bid Transaction described in the Credit Bid Term Sheet remains substantially similar to the Original Credit Bid Transaction that was previously set out in the Recapitalization Term Sheet attached to the Original Support Agreement.

59. The Credit Bid Term Sheet also details the conditions precedent to the Credit Bid Transaction, including, but not limited to:

(a) the Plan Transaction shall not have been consummated;

(b) the receipt of all definitive documents implementing the Credit Bid Transaction including, without limitation, the New First Lien Credit Agreement and any related guarantee or security documents, which shall be in form and substance acceptable to Connacher and the Consenting First Lien Lenders, acting reasonably;

(c) the receipt of all necessary governmental or regulatory approvals on terms satisfactory to the Consenting First Lien Lenders, including all necessary approvals from the AER;

(d) the Court's granting of the Approval and Vesting Order, among other things, approving the Credit Bid Transaction and the PSA, vesting Connacher's assets in and to the Credit Bid Purchaser free and clear of all liens and encumbrances except for permitted liens, and granting certain releases;

(e) if required, the Court's granting of an order assigning to the Credit Bid Purchaser any or all of Connacher's agreements that constitute assets subject to the PSA and not excluded therefrom; and

(f) a unanimous shareholder agreement shall be entered into in respect of the Credit Bid Purchaser, in form and substance acceptable to the Consenting First Lien Lenders.

60. I have reviewed the Seventeenth Report of the Monitor dated August 17, 2018. From my review of such report, I understand and do verily believe that the Monitor's counsel has reviewed the security held by the First Lien Agent on behalf of the First Lien Lenders and has issued an opinion that, subject to usual and customary assumptions and qualifications, all security held by the First Lien Agent is valid, enforceable and would rank in priority to any subsequently appointed trustee in bankruptcy. In addition, as noted above, pursuant to the Credit Bid Term Sheet, all claims that rank in priority to or *pari passu* to the First Lien Claim will be paid in full.

61. The Amended and Restated Support Agreement, the Plan Term Sheet and the Credit Bid Term Sheet are the result of extensive negotiations carried out between Connacher

and the Consenting First Lien Lenders, in consultation with and with the assistance of the Monitor and the Financial Advisor.

62. I believe that the Amended and Restated Support Agreement, and the Plan Transaction and Credit Bid Transaction contemplated thereby, 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 Amended and Restated Support Agreement, Plan Term Sheet and Credit Bid Term Sheet will allow for a going-concern continuation of Connacher's business, to the benefit of Connacher's employees, customers and suppliers.

63. The Special Committee played a key role in the negotiation of, and has approved and authorized Connacher to enter into, the Amended and Restated Support Agreement, including the Plan Term Sheet and Credit Bid Term Sheet.

64. It should be noted that while Connacher is presently seeking approval of the Amended and Restated Support Agreement (including the Plan Term Sheet and Credit Bid Term Sheet attached thereto), at this time Connacher is expressly not seeking the approval of the PSA or the transactions contemplated therein. If a CCAA Plan Termination Event occurs, Connacher will return before this Court on a further application to seek approval of the PSA and the granting of the Approval and Vesting Order approving the Credit Bid Transaction.

B. 2019 CCAA Plan

65. A copy of the 2019 CCAA Plan is attached as Schedule "C" to the Amended and Restated Support Agreement.

66. As noted above, the Plan Transaction includes the following components:

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

(b) a portion of Connacher's cash-on-hand shall be used to (i) satisfy in full all claims which are *pari passu* to or ranking in priority over the First Lien Claim, and (ii) establish the Administrative Reserve Fund;

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

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

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

67. Following the implementation of the 2019 CCAA Plan, the Beneficial First Lien Lenders will own 100% of the outstanding shares of Connacher. On the effective date under the 2019 CCAA Plan (the "**Effective Date**"), each Beneficial First Lien Lender shall be deemed to become a party to and thereafter bound by the Shareholders Agreement,

each in its capacity as a holder of the New Shares. The Shareholders Agreement is deemed to be a "unanimous shareholders agreement" for purposes of the *Canada Business Corporations Act* (Canada) and each Beneficial First Lien Lender is deemed to have been given notice thereof.

68. The steps required to implement the 2019 CCAA Plan are set out in Schedule "A" to the 2019 CCAA Plan.

69. The 2019 CCAA Plan has been developed with the intention that distributions to be made to the General Creditor Class under the 2019 CCAA Plan will be substantially similar to the distributions that would have been made to General Creditors under the 2018 CCAA Plan. A blackline comparing the 2019 CCAA Plan against the 2018 CCAA Plan is attached as **Exhibit "C"** to this Affidavit.

1. <u>Classification of Creditors</u>

70. The 2019 CCAA Plan and the proposed 2019 Creditors' Meetings Order provide 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 October 31, 2018, as was the case under the 2018 CCAA Plan.

2. <u>Plan Implementation Fund</u>

71. Pursuant to the 2019 CCAA Plan, on or prior to the Effective Date, Connacher shall deliver to the Monitor from Connacher's Cash on Hand the aggregate amount necessary, as determined by the Monitor and Connacher, with the consent of the Majority Consenting First Lien Lenders, to establish the General Creditor Pool and to fully pay or satisfy the following amounts under the 2019 CCAA Plan:

(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 owing as of the Effective Date, 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 satisfy the payment in full of any remaining obligations secured by any of the KERP/LTIP Charge, the KEIP Charge or the Financial Advisor Charge;

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

(e) the amount of $750,000 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 2019 CCAA Plan and winding up the CCAA Proceeding;

(f) the amount required to satisfy Priority Secured Claims, which are accepted Secured Claims determined to rank in priority to the First Lien Claim;

(g) 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;

(h) 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;

(i) the amount required to satisfy Employee Priority Claims; and

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

3. Municipal Tax Fund

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

73. On September 24, 2018, Connacher and the Municipality entered into a settlement agreement (the "**Wood Buffalo Settlement Agreement**"), settling the Municipality's claim other than the amounts that constitute Remaining Municipal Tax Claims. The Wood Buffalo Settlement Agreement was approved by this Court on October 4, 2018. A copy of the Wood Buffalo Settlement Agreement is attached hereto as **Exhibit "D"**.

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

4. General Creditor Pool

75. The General Creditor Pool will consist of $500,000 plus the amount necessary to satisfy all Convenience Class Claims, being all accepted and identified claims equal to or less

than $2,000 and the claims of all General Creditors who make a distribution election ("**Distribution Election**") to receive $2,000 in full and final satisfaction of their claim.

76. 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.

77. Under the indenture dated as of May 8, 2015 (the "**Second Lien Indenture**") in respect of the 12% convertible second lien notes due August 31, 2018 (the "**Second Lien Notes**"), Computershare Trust Company N.A., in its capacity as the Second Lien Trustee, may have rights to deduct costs and expenses of the Second Lien Trustee from any distributions, including any distributions on account of Convenience Class Claims.

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

5. <u>Distributions of New Shares to the First Lien Lenders</u>

79. The New Shares issued under the 2019 CCAA Plan will be distributed by delivering share certificates representing the New Shares in the name of the applicable recipient.

6. <u>Treatment of Equity Claims</u>

80. Existing Shareholders and holders of Equity Claims shall not be entitled to receive any distributions under the 2019 CCAA Plan and all Equity Claims in Connacher shall be forever cancelled and extinguished on the Effective Date.

81. I have been advised by Connacher's counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), that (i) the provisions of Multilateral Instrument 61-101 "Protection of Minority Securityholders in Special Transactions" ("**MI 61-101**"), which requires, in certain circumstances "minority" shareholder approval of certain "related party transactions", applies to the 2019 CCAA Plan as Connacher is a "reporting issuer" in the Provinces of Ontario, Quebec, New Brunswick and Alberta where such instrument is in force, (ii) the issuance of the New Shares pursuant to, and the entry into of the New Senior Secured Term Facility pursuant to the, 2019 CCAA Plan may constitute "related party transactions" within the meaning of MI 61-101, and (iii) the "minority" shareholder approval requirements of MI 61-101 do not apply in relation to related party transactions if the transaction is subject to Court approval under bankruptcy or insolvency law, the Court has been advised of the requirement for "minority" shareholder approval under MI 61-101 and the Court determines that such approval is not required.

7. <u>Unaffected Claims</u>

82. The 2019 CCAA Plan will compromise only the Affected Claims as set out therein. Unaffected Claims that will not be compromised pursuant to the 2019 CCAA Plan include:

(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 against Directors that, pursuant to section 5.1(2) of the CCAA, cannot be compromised, which have been preserved pursuant to the Claims Procedure Order 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 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 2019 CCAA Plan, indicating that the holder of such Claim has elected to assert its claim against an insurance policy held by Connacher;

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

(f) other than as set out in the 2019 CCAA Plan, any indebtedness owing by Connacher to ATB Financial under or pursuant to the ATB Credit Facilities; and

(g) any obligation of Connacher under the Credit Bid KERP which is not yet due and owing or has not been satisfied in full as of the Effective Date;

8. Conditions to 2019 CCAA Plan Implementation

83. There are a number of conditions to the implementation of the 2019 CCAA Plan, including:

(a) the satisfaction of all conditions in the Amended and Restated Support Agreement;

(b) the approval of the 2019 CCAA Plan by the Required Majorities;

(c) the 2019 Plan Sanction Order shall have been granted by this Court in form and substance acceptable to Connacher, the Monitor, the Consenting First Lien Lenders and the First Lien Agent, each acting reasonably ;

(d) all applicable appeal periods in respect of the 2019 Plan Sanction Order shall have expired;

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

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

(g) the New First Lien Credit Agreement, the management incentive plan, the executive employment agreements, and the Shareholders Agreement and all related agreements and other documents contemplated by the Plan Transaction and the implementation of the 2019 CCAA Plan shall be in form and substance acceptable to Connacher and the Consenting First Lien Lenders, each acting reasonably, and shall have become effective, subject only to the implementation of the 2019 CCAA Plan;

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

(i) all necessary corporate actions and other agreements shall have been executed and delivered,

any of which may be waived in accordance with the 2019 CCAA Plan.

9. Releases

84. The 2019 CCAA 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**"), which are substantially the same as the releases contained in the 2018 CCAA Plan.

85. The Released Parties have made significant and often critical contributions to the development and implementation of Connacher's restructuring, including, without limitation, as applicable, by devoting significant time and effort in overseeing Connacher's restructuring and two sales processes 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 Original Support Agreement to serve as an important backstop to the SISP, negotiating, obtaining Court-approval of, attempting to complete and ultimately terminating the East River Transactions and the 2018 CCAA Plan, negotiating the Amended and Restated Support Agreement and the terms of the 2019 CCAA Plan, providing professional advice to Connacher, the Monitor, the First Lien Agent and the Consenting First Lien Lenders, and, in the case of the First Lien Agent and Consenting First Lien Lenders, by amending the Original Support Agreement and, if approved and implemented, effecting a going concern purchase of Connacher's business.

86. The releases are broad in nature and, I am advised by Cassels, 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 2019 CCAA Plan, the Amended and Restated Support Agreement, the Equity Claims and the Existing Shares, contracts disclaimed in the CCAA proceedings, the Recapitalization and 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 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.

87. I believe that the Released Parties have worked diligently towards ensuring the implementation a restructuring of Connacher's financial obligations and operations for the benefit of its stakeholders and that such efforts have resulted in the execution and approval of the Amended and Restated Support Agreement, the Plan Transaction and the Credit Bid Transaction. If the Amended and Restated Support Agreement is approved and either the Plan Transaction or the Credit Bid Transaction is consummated, Connacher's going concern value will be preserved to the benefit of stakeholders. I

believe that the proposed Plan Transaction and Credit Bid Transaction would not have been possible without the direct and meaningful participation and support of the Released Parties.

88. I am advised 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 Transaction.

89. 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 nearly three years. The Special Committee of the Board (currently comprised of three independent directors) has been charged with overseeing, directing and developing with its advisors the potential restructuring options, and has dedicated significant time and resources prior to and since the commencement of this CCAA proceeding to achieving a successful outcome for Connacher and emergence from CCAA protection. The Special Committee's efforts as it relates to the Amended and Restated Support Agreement included conducting multiple meetings for the purpose of providing specific direction and authority on the negotiations with the First Lien Agent and Consenting First Lien Lenders. 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 important 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 Amended and Restated Support Agreement and proceed to seek approval of the 2019 CCAA Plan. I believe that the Special Committee was instrumental in formulating and executing the Amended and Restated Support Agreement.

90. Section 8.1 of the 2019 CCAA Plan requires that the 2019 Plan Sanction Order 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.

91. I am advised by counsel to the Monitor that the Monitor has reviewed the Releases in the 2019 CCAA Plan and supports their approval.

IV. <u>The Proposed 2019 Creditors' Meetings Order</u>

A. 2019 Creditors' Meetings Procedures

92. I am advised by Connacher's counsel that the proposed form of the 2019 Creditors' Meetings Order is substantially similar to the form of 2018 Creditors' Meetings Order granted by the Court on August 22, 2018, with necessary modifications to remove East River as plan sponsor and to update certain procedures, particularly with respect to the solicitation of Beneficial Noteholders holding Second Lien Notes. A blackline comparing the 2019 Creditors' Meetings Order against the Court-approved form of the 2018 Creditors' Meetings Order is attached as **Exhibit "E"** hereto.

93. The proposed 2019 Creditors' Meetings Order accepts the filing of the 2019 CCAA Plan and authorizes Connacher to convene the meetings of two classes of creditors to consider and vote on the 2019 CCAA Plan: (i) the First Lien Lender Class, and (ii) the General Creditor Class.

94. Connacher proposes that the 2019 Creditors' Meetings will be held at the offices of Cassels, 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 11:30 a.m. on June 19, 2019; and

(b) meeting of the General Creditor Class (the "**General Creditor Class Meeting**") beginning at 11:45 a.m. on June 19, 2019.

95. Additional information relevant for stakeholders with an interest in the 2019 CCAA Plan and procedures for voting thereon are set out in the Information Circular, a draft of which is attached as **Exhibit "F"** hereto.

1. Classification of Creditors

96. The 2019 Creditors' Meetings Order sets out two classes of creditors to consider and vote on the 2019 CCAA Plan: (i) the First Lien Lender Class, and (ii) the General Creditor Class.

97. 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.

98. The General Creditor Class is comprised of Connacher's remaining Affected Creditors (other than those to be paid in full or specifically addressed in the 2019 CCAA Plan). 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 2019 CCAA Plan), and holders of all other unsecured claims which are not Unaffected Claims.

2. Notice

99. The 2019 Creditors' Meetings Order provides for comprehensive notice of the 2019 Creditors' Meetings to Affected Creditors. To assist in this process, Connacher has retained Kingsdale Advisors (the "**Solicitation and Information Agent**"). Under the 2019 Creditors' Meetings Order:

(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 and Information 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.

100. The Monitor will cause a newspaper notice to creditors to be published on or prior to May 23, 2019 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).

101. No later than seven days before the date of the 2019 Creditors' Meetings, the Monitor shall serve a report regarding the 2019 CCAA Plan on the service list and cause such report to be posted on the Website.

102. As soon as practicable after the granting of the 2019 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 Affected Creditors will be compromised, the 2019 CCAA 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 2019 Creditors' Meetings.

3. Conduct of the 2019 Creditors' Meetings

103. The 2019 Creditors' Meetings Order provides that a representative of the Monitor will preside as the chairperson of the 2019 Creditors' Meetings and, subject to any further Order of the Court, will decide all matters relating to the conduct of the 2019 Creditors' Meetings.

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

105. 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, the Financial Advisor, and the Solicitation and Information Agent.

106. 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 (10) Business Days prior to the Creditors' Meeting for the General Creditor Class.

4. Voting by Affected Creditors

107. 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 2019 CCAA 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 2019 Creditors' Meetings Order. The 2019 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 to receive $2,000 in full and final satisfaction of their General Creditor Claim (subject to any rights held by the Second Lien Trustee under the Second Lien Indenture to deduct costs and expenses of the Second Lien Trustee from any such distributions) by making such election on the Voting Information and Election Form and returning such form to their Participant Noteholder. As Connacher does not know the individual holdings of Second Lien Notes held by Beneficial Noteholders, and therefore cannot deem Beneficial Noteholders who identify themselves as holding General Creditor Claims equal to or less than $2,000 to have made a Distribution Election, Connacher requires all such Beneficial Noteholders to return a completed Voting Information and Election Form to their Participant Holder in order to be deemed to have made a Distribution Election and receive the Distribution Election Amount. Any Beneficial Noteholder who does not return a Voting Information and Election Form to its Participant Holder prior to the Beneficial Noteholder Voting and Election Deadline will not be deemed to make a Distribution Election and will instead receive their *pro rata* share of $500,000 (subject to any rights held by the Second Lien Trustee under the Second Lien Indenture to deduct costs and expenses of the Second Lien Trustee from any such distributions);

(e) each Participant Holder shall aggregate the Voting Instructions they receive and provide to the Solicitation and Information Agent a summary of all Voting Instructions received from Beneficial Noteholders (the "**Master Proxy**") as soon as practicable following the Beneficial Noteholder Voting and Election Deadline, and by no later than 5:00 p.m. on June 17, 2019, and the Solicitation and Information 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 2019 CCAA 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 2019 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, provided however that a First Lien Lender must also return a Voting Information and Election Form to their Participant Holder prior to the Beneficial Noteholder Voting and Election Deadline for their vote in respect of their Second Lien Deficiency Claim to be recorded; 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 2019 Plan Sanction Hearing.

5. Approval and Court Sanction of the 2019 CCAA Plan

108. The Monitor shall provide a report to the Court as soon as practical following the 2019 Creditors' Meetings with respect to: (i) the results of any votes taken at the 2019 Creditors' Meetings, (ii) whether each of the Required Majorities has approved the 2019 CCAA 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 2019 CCAA Plan.

109. In the event that the 2019 CCAA Plan is approved by the Requisite Majorities, Connacher intends to apply to the Court at 10:00 a.m. on June 20, 2019 for the 2019 Plan Sanction Order.

110. The proposed 2019 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 2019 Plan Sanction Hearing and that no other materials need be served in respect of the 2019 Plan 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 2019 Plan Sanction Hearing.

111. The proposed 2019 Creditors' Meetings Order also provides that any Person who wishes to oppose the 2019 Plan 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 2019 Plan Sanction Hearing by no later than 5:00 p.m. seven Business Days prior to the 2019 Plan Sanction Hearing.

112. I believe that the procedures for notification and creditor voting set out in the proposed 2019 Creditors' Meetings Order are appropriate in the circumstances. Further, the 2019 CCAA 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).

113. In addition, the distributions to the General Creditor Class under the 2019 CCAA Plan are substantially similar to the distributions that were available under the 2018 CCAA

Plan, which was approved by 100% of the Affected Creditors who voted on the 2018 CCAA Plan in person or by proxy at the 2018 Creditors' Meetings.

V. The Proposed Amended and Restated Support Agreement Approval Order

A. Amended and Restated Support Agreement

114. The Amended and Restated Support Agreement Approval Order contains a provision approving Connacher's execution and delivery of the Amended and Restated Support Agreement and authorizing Connacher to take all steps and to comply with its obligations pursuant thereto.

115. I believe that the Amended and Restated Support Agreement is a critical agreement that advances the CCAA proceeding for the benefit of Connacher and its stakeholders. The Amended and Restated Support Agreement provides the framework for Connacher, the Consenting First Lien Lenders and the First Lien Agent to cooperate in good faith towards the completion of the Plan Transaction or, in the event of a CCAA Plan Termination Event, the Credit Bid Transaction.

116. By entering into the Amended and Restated Support Agreement, the parties have created a path forward that maximizes value and, if approved, will provide the same recovery to Connacher's General Creditors that such group voted to receive under the now-terminated 2018 CCAA Plan.

117. I believe it is reasonable and appropriate for this Court to approve the Amended and Restated Support Agreement and authorize Connacher to comply with its obligations thereunder.

B. Credit Bid KERP & KEIP Charge

1. Prior Employee Retention & Incentive Programs

118. Throughout Connacher's CCAA proceeding, with the support of the Monitor and the approval of this Court, Connacher has implemented certain key employee retention plans to ensure that Connacher retained its key employees, including the Credit Bid KERP Beneficiaries (as defined below) while it pursued its restructuring efforts.[1] Connacher's obligations under the terms of each of those prior key employee retention plans has been satisfied in full.

119. In addition, pursuant to the Support Agreement, SISP & KEIP Approval Order granted on March 28, 2018, in connection with the Original Support Agreement and the SISP, Connacher sought and this Court approved a key employee incentive plan (the "**KEIP**") designed to incentivize Connacher's four key employees (including myself) anticipated to be most actively involved with potential SISP bidders to maximize the proceeds of any superior offer under the SISP. Compensation under the KEIP was to be tied to the amount of proceeds realized in the SISP. In order to secure the payments under the SISP, this Court granted a charge on Connacher's property (the "**KEIP Charge**"), which ranks behind all of the other Court-ordered charges.

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[1] See the following Orders: (1) Initial Order granted on May 17, 2016; (2) Order (Stay Extension, Supplemental KERP & Sealing Order) granted on November 14, 2016; and (3) Order (Stay Extension, JPL Settlement & Approval of Second Supplemental KERP and 2017 LTIP) granted on June 27, 2017.

120. With the termination of the East River Transactions, no payments became owing pursuant to the KEIP. However, pursuant to the Amended and Restated Support Agreement, Connacher, the Consenting First Lien Lenders and the First Lien Agent have agreed that if a third party transaction is entered into in accordance with the terms of the Amended and Restated Support Agreement (as described in paragraph 40 above), such transaction will constitute a "Superior Offer" for the purposes of the KEIP and may result in KEIP payments becoming payable to the beneficiaries thereof.

2. Credit Bid KERP

121. Following the termination of the East River Transactions, Connacher's management and the Consenting First Lien Lenders engaged in discussions regarding the development of a new key employee retention and incentive program to ensure that the key employees will be retained and incentivized to complete either the Plan Transaction or the Credit Bid Transaction and to remain with Connacher for a period of time following exit from CCAA protection.

122. The Credit Bid KERP is structured as a milestone-based retention and incentive program and is designed specifically to ensure that Connacher's key employees (the "**Credit Bid KERP Beneficiaries**") are incentivized to remain in their positions with Connacher, successfully implement the transactions contemplated by the Amended and Restated Support Agreement, and ensure Connacher's ongoing operation following emergence from CCAA protection.

123. The Credit Bid KERP Beneficiaries are integral to the continued operation of the business and have unique knowledge of the business model, ongoing operations and CCAA process that is critical to complete an exit from CCAA protection and would be difficult to replace, especially at this stage of the CCAA proceeding while Connacher intends to solicit votes from affected creditors on the 2019 CCAA Plan, subject to Court-approval.

124. I also note that Connacher's CCAA proceeding has been ongoing for almost three years and has included two ultimately unsuccessful sales processes, which has created significant uncertainty for all of Connacher's employees, including in particular for the Credit Bid KERP Beneficiaries, three of whom were not going to have continued employment with Connacher if the East River Transactions were consummated.

125. The aggregate amount payable under the proposed Credit Bid KERP is $1,600,000.

126. The business terms of the Credit Bid KERP are attached as Schedule "H" to the Amended and Restated Support Agreement and are included in Confidential Exhibit "1" to this Affidavit, which is subject to Connacher's request for a sealing order as discussed below. These details include the names of the Credit Bid KERP Beneficiaries and the incentive payments offered to them under the terms of the proposed Credit Bid KERP.

127. The key elements of the proposed Credit Bid KERP are as follows:

(a) The Credit Bid KERP Beneficiaries will receive cash retention and incentive payments in the amounts set out in the Credit Bid KERP included in Confidential Exhibit "1" (the "**Credit Bid KERP Payments**"), of which the aggregate amount of $800,000 (50%) will be payable in 2019 (the "**2019 Payments**") and the aggregate amount of $800,000 (50%) will be payable in 2020 (the "**2020 Payments**"), all in accordance with the following schedule:

(i) 2019 Payments:

(A) 25% of the 2019 Payments (being the aggregate amount of ($200,000) are to be paid upon Court approval of the Credit Bid KERP;

(B) 25% of the 2019 Payments (being the aggregate amount of ($200,000) are to be paid upon the Credit Bid KERP Beneficiaries providing to the Consenting First Lien Lenders or their advisors or consultants the information reasonably required for the development of a long term plan for Connacher's business, which is anticipated to be satisfied on or before May 30, 2019;

(C) 25% of the 2019 Payments (being the aggregate amount of ($200,000) are to be paid upon the earliest of (i) implementation of the Plan Transaction, (ii) the closing of the Credit Bid Transaction, or (iii) Connacher otherwise emerging from its CCAA proceeding or the CCAA proceeding being terminated; and

(D) 25% of the 2019 Payments (being the aggregate amount of ($200,000) are to be paid upon Connacher achieving production from the Pad 203 infill wells, which is anticipated to be satisfied on or before September 30, 2019.

(ii) The 2020 Payments, being the remaining 50% of the Credit Bid KERP Payments in the aggregate amount of $800,000 will be paid to the Credit Bid KERP Beneficiaries in 2020 on a schedule to be determined by the Credit Bid KERP Beneficiaries and the Consenting First Lien Lenders, each acting reasonably, at the time of the preparation of Connacher's 2020 operating budget, anticipated to occur in the fall of 2019.

128. In order to be entitled to receive their respective Credit Bid KERP payments (or any remainder thereof):

(a) The Credit Bid KERP Beneficiary must not have disclosed these arrangements to any person other than immediate family members and personal accounting, tax and legal advisors (other than to Connacher's payroll personnel and any disclosure required by law); and

(b) Prior to the time that each portion of the Credit Bid KERP Payments becomes payable, the Credit Bid KERP Beneficiary has not:

(i) resigned;

(ii) been terminated with cause; or

(iii) failed to perform his or her duties and responsibilities diligently, faithfully and honestly in the reasonable opinion of his/her direct supervisor and/or Connacher's Board.

129. In the event that a Credit Bid KERP Beneficiary is terminated without cause, any unpaid portion of the total Credit Bid KERP Payments still outstanding and owing to such Credit Bid KERP Beneficiary at such time shall become immediately due and payable.

130. Connacher proposes that the Credit Bid KERP Payments be secured by the KEIP Charge granted pursuant to the Support Agreement, SISP & KEIP Approval Order on March 28, 2018.

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

132. Connacher’s obligations under the Credit Bid KERP are subject to the Court approving the Credit Bid KERP and confirming that the obligations thereunder are secured by the KEIP Charge.

133. The Special Committee has reviewed the terms of the Credit Bid KERP and has recommended its approval. In exercising its business judgment to approve the Credit Bid KERP, the Special Committee considered, among other things:

(a) the specialized skills each of the Credit Bid KERP Beneficiaries possesses, their roles in overseeing Connacher’s business and operations, and their familiarity with operating the business under the supervision of the Court and Monitor in the CCAA proceeding;

(b) that past employee attrition has been disruptive to Connacher’s operations and it is important to minimize further attrition moving forward;

(c) that replacing the individual Credit Bid KERP Beneficiaries while maintaining current operations and division of labour among the key employees would be difficult in the circumstances, requiring the other employees to take on enlarged roles that may be outside of their areas of expertise;

(d) that the proposed Credit Bid KERP Beneficiaries have worked in uncertain conditions for the duration of the nearly three-year CCAA proceeding, and that their availability to remain in their positions and help to complete the transaction is not certain;

(e) that the participation of the Credit Bid KERP Beneficiaries throughout the 2019 CCAA Plan solicitation and implementation processes is important to the Consenting First Lien Lenders, who have been actively involved in the development of the Credit Bid KERP. The Consenting First Lien Lenders have agreed to cooperate with Connacher to implement the Plan Transaction (or, upon a CCAA Plan Termination Event, the Credit Bid Transaction), and expect that the business will continue to operate in the ordinary course while efforts to implement such transactions are underway. The loss of one or more of the Credit Bid KERP Beneficiaries would be an unwanted disruption that could consume the time of the remaining key employees and negatively impact the efforts to complete a transaction;

(f) that the Credit Bid KERP Beneficiaries are critical to the implementation of the Plan Transaction or, in the event of a CCAA Plan Termination Event, the Credit Bid Transaction, each of which would lead to Connacher’s exit from CCAA protection;

(g) that the Credit Bid KERP Payments will be paid from Connacher’s Cash on Hand and will not impact the recovery of General Creditors in the event that the Plan

Transaction is implemented as Connacher's First Lien lenders are not being paid in full; and

(h) that the payment structure is aligned with the goal of incentivizing the Credit Bid KERP Beneficiaries to complete the Plan Transaction or Credit Bid Transaction and remain with the business through and following implementation of either transaction. In this regard, the initial payments are tied to significant milestones in Connacher's restructuring process or to important events for Connacher's long-term prospects after the implementation of a transaction.

134. Connacher has negotiated the terms of the Credit Bid KERP with the Consenting First Lien Lenders. I am advised by counsel to the Monitor and counsel to the First Lien Agent and Consenting First Lien Lenders that each such party supports the Credit Bid KERP and the proposed payment terms. As the Consenting First Lien Lenders intend to become the owners of Connacher's business through the implementation of the Plan Transaction (or asset owners in the case of a Credit Bid Transaction), their support of the Credit Bid KERP and the payment of the Credit Bid KERP Payments from Connacher's cash on hand is demonstrative of their support of Connacher's key employees who are the proposed Credit Bid KERP Beneficiaries.

135. I understand that the Monitor's report to be filed in connection with Connacher's Application will provide the Monitor's views and recommendations regarding the Credit Bid KERP.

136. I believe the approval of the Credit Bid KERP and granting the security of the KEIP Charge over the payments to be made under the Credit Bid KERP is reasonable and appropriate in the circumstances.

C. Sealing Order

137. Connacher seeks to seal Confidential Exhibit "1" to this Affidavit on the Court file.

138. Confidential Exhibit "1" contains an unredacted copy of pages that are redacted in the copy of the Amended and Restated Support Agreement attached hereto as **Exhibit "A"**, being (i) the details of each of the Consenting First Lien Lenders' holdings, (ii) the Credit Bid KERP terms, and (iii) certain schedules to the PSA (the "**Redacted PSA Schedules**").

139. The individual holdings of the Consenting First Lien Lenders is commercially sensitive information which, I am advised by counsel to the Consenting First Lien Lenders, that the Consenting First Lien Lenders require to be sealed.

140. The details contained in the Credit Bid KERP includes personal information regarding the Credit Bid KERP Beneficiaries, the disclosure of which would be harmful to such individuals' privacy interests.

141. The Redacted PSA Schedules are comprised of:

(a) Schedule G – Details of claims ranking in priority to the claims of the First Lien Lenders; and

(b) Schedule H - Estimated costs for winding down Connacher following the completion of a transaction.

142. The Redacted PSA Schedules contain sensitive commercial information related to Connacher's business and operations. The disclosure of this information at this time would be harmful to Connacher's commercial interests.

143. I do not believe that the sealing of the information set out above would cause any prejudice to any parties, including any of Connacher's creditors or stakeholders and I note that the information has been made available to the Monitor.

144. I also note that the Redacted PSA Schedules and the Consenting First Lien Lenders' holdings were also sealed by this Court pursuant to the Support Agreement, SISP & KEIP Approval Order.

VI. Conclusion

145. I believe the relief sought in the Amended and Restated Support Agreement Approval Order and in the 2019 Creditors' Meetings Order is in the best interests of Connacher and its stakeholders and that the requested orders should be granted in the forms proposed.

SWORN before me at the City of Calgary, in the Province of Alberta, on May 6, 2019 Commissioner for Oaths/Notary Public in and for the Province of Alberta Paola Viviana Berkman Rodriguez Articling Student at Law A Commissioner for Oaths in and for Alberta	**MERLE JOHNSON**