D.L.M. Oilfield Enterprises Ltd.

Invitation for Offers to Purchase Assets or Proposals to Liquidate Assets

D.L.M. OILFIELD ENTERPRISES LTD.,
(Hereinafter referred to as "DLM" or the "Company")

Invitation for Offers to Purchase Assets or Proposals to Liquidate Assets

(the "Invitation")

I. Introduction

DLM operated an oilfield service business for conventional oil production and SAGD facilities in the greater Bonnyville, Cold Lake, Elk Point, Frog Lake, Lloydminster and Wabasca areas in Northern Alberta. DLM's fleet of heavy equipment includes flushbys, pressure trucks, semi-vacs, bodyjob-vacs, fluid haulers, coil tubing units, steamer-vacs and steamers.

On February 8, 2019, Ernst & Young Inc. was appointed Receiver (the "**Receiver**" or "**EY**") of the property of DLM by an Order of the Court of Queen's Bench of Alberta in Action #1803-22289 (the "**Court**").

In its capacity as Receiver, EY is inviting offers (the "**Offer**") for the purchase of the assets of DLM, or in the alternative, proposals to liquidate (the "**Proposal**") the assets, being: tools, equipment, rolling stock, office furnishings, and equipment (the "**Assets**") located at the Company's premises located in Bonnyville and Elk Point.

A list of the Assets is attached hereto as **Schedule "A"**.

If any Offer or Proposal is accepted by the Receiver, the Receiver's acceptance is subject to and conditional on the Court approving the acceptance of the Offer or Proposal, this sales process, the ability of the Receiver to sell the Assets, and the activities of the Receiver, all on terms that are acceptable to the Receiver ("**Court Approval**").

This package has been prepared solely for the information of parties expressing an interest; or, who may have an interest, in the Assets. The information herein is subject to change and has not been audited or verified by the Receiver and the Receiver expressly disclaims liability for any loss or damage that may arise from use of this information. All parties who wish to participate in this Invitation should conduct and rely on their own due diligence in relation to the completeness, existence, fitness for use, and status of any of the Assets and other information noted herein.

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Prospective purchasers / proponents are invited to contact EY to make arrangements to inspect the Assets.

II. Terms and Conditions

1. EY is inviting Offers / Proposals for the Assets solely in its capacity as Receiver and shall have no personal liability in respect of this sales process or in respect of the sale of the Assets.

2. EY is inviting Offers / Proposals for the Assets on an individual lot or en bloc basis, or by location.

3. If any Offer / Proposal is accepted by the Receiver, the Receiver's acceptance is subject to and conditional upon the Receiver obtaining Court Approval.

4. Any documentation or other material provided to any party relating to the Assets which is the subject matter of this Invitation, including without limitation all related Schedules and the Invitation, has been prepared solely for the convenience of interested parties and is not warranted to be complete or accurate.

5. The Assets are being sold on an "**as is, where is**" basis. No representation or warranty, express or implied is given with respect to the title, size, description, fitness for purpose or intended use, quantity, number, condition, quality or location of any of the Assets, or in respect of any other matter or thing. Any party making an Offer / Proposal ("**Offeror**") shall be deemed to have relied entirely upon their own due diligence.

6. The Receiver will make arrangements to have personnel available for the purpose of allowing prospective parties to inspect the assets at the various locations. Appointments can be made for inspections during the following dates and times:

    Wednesday, May 8, 2019 from 9:30 AM until 5:30 PM through to Friday, May 10, 2019 until 3:00PM (in both Bonnyville and Elk Point locations)

    Interested parties <u>must</u> make appointments to inspect the assets and obtain directions to access the premises. The Receiver may be able to accommodate alternative arrangements for viewings depending on the demand and feedback from Offerors in relation to this Invitation. Contact the following personnel at the Ernst & Young Inc. office in Edmonton:

    Daniel Pintaric – direct telephone: (780) 412 – 2381; e-mail: Daniel.Pintaric@ca.ey.com

    Mark Shtay – direct telephone: (780) 441 – 4237; e-mail: Mark.Shtay@ca.ey.com

7. Offers (to purchase) should be in the form attached hereto as **Schedule "B".** EY reserves the right to reject any Offer (to purchase) not made in the attached form.

8. Proposals (to liquidate) the Assets must be in a form that sets out the estimated gross proceeds, the commission structure, details and estimates of costs associated with the liquidation to be paid from the proceeds and the net estimated recovery for the Estate, including any net minimum guarantee.

9. Offers / Proposals must be delivered to EY no later than 4:00 PM (Mountain Time) on Thursday, May 23, 2019 ("**Offer Deadline**"), to their Edmonton office: Ernst & Young Inc., EPCOR Tower, 10423 – 101 Street, Suite 1400, P.O. Box 44, Edmonton, Alberta T5H 0E7, Attention: Daniel Pintaric.

10. All Offers / Proposals are irrevocable and cannot be withdrawn or amended prior to the earlier of the Receiver notifying the Offeror that the Offer / Proposal has been accepted (subject to Court Approval) or rejected; or, May 30, 2019.

11. Offers shall be accompanied by a non-refundable deposit equal to at least 15% of the Offer price (the "**Deposit**"). The Deposit shall be paid by certified cheque or bank draft payable to "Ernst & Young Inc. – in Trust", in its capacity as Receiver of DLM.

12. Proposals shall be accompanied by a non-refundable deposit equal to at least 15% of the net minimum guarantee; or, if there is no net minimum guarantee, 15% of the net estimated recovery for the Estate. The Deposit shall be paid by certified cheque or bank draft payable to "Ernst & Young Inc. – in Trust", in its capacity as Receiver of DLM.

13. If an Offer / Proposal is accepted by the Receiver and Court Approval is granted, the Deposit will be applied to the purchase price of the purchased Assets on closing; or, in the case of a Proposal, the Deposit will be applied as a reduction of the net proceeds payable to the Estate from the liquidation or the net minimum guarantee, whichever is greater.

14. The Receiver will return any Deposit, within ten (10) business days of the related Offer / Proposal being rejected by the Receiver or by the Court. Deposit refunds will be sent by registered mail or courier.

15. Offerors shall not be entitled to interest on Deposits.

16. If an Offer / Proposal is withdrawn prior to the Receiver notifying the Offeror if the Offer / Proposal has been rejected or accepted or if the Offeror fails to close the purchase on the terms and conditions set out herein after the Receiver accepts the Offer / Proposal and Court Approval is obtained, the Deposit shall be immediately and irrevocably forfeited to the Receiver.

17. The Receiver may, in its sole discretion:

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a. negotiate the terms of any Offer / Proposal with one or more Offerors;
b. waive or vary any of these Terms and Conditions;
c. accept an Offer / Proposal, or portion thereof, prior to the Offer / Proposal Deadline;
d. reject an Offer / Proposal in full and unfettered discretion; and
e. withdraw this Invitation at any time.

18. The highest or any Offer / Proposal may not necessarily be accepted.

19. All conditions in the *Sale of Goods Act* (Alberta), R.S.A. 2000, c. S-2, are expressly waived with respect to the Assets by any party making an Offer.

20. The Receiver will notify any successful Offeror, in writing, by May 30, 2019, whereupon the Receiver will seek Court Approval as soon as practicable. The notice may be sent by registered mail, courier, fax or e-mail to the Offeror using the contact information provided by the Offeror with their Offer / Proposal.

21. Upon acceptance of an Offer by the Receiver, there shall be a binding agreement for purchase and sale, which shall incorporate these Terms and Conditions; or, in respect of a Proposal, there shall be a binding agreement, which shall incorporate these Terms and Conditions to the extent they are applicable.

22. Closing ("**Closing**") of any accepted Offer / Proposal shall be within ten (10) days after Court Approval is granted in respect of the Offer / Proposal, or such other late date as the Receiver and Offeror may agree to in writing (the "**Closing Date**").

23. Should the Receiver be unable to complete a sale of any of the assets comprising the Assets, due to a defect in title, the Receiver and the Offeror may negotiate an adjustment to the purchase price, failing which the Receiver may terminate any agreement for purchase and sale or proposal agreement and return the Deposit to the Offeror. The Offeror shall be entitled to no remedy against the Receiver in such an instance other than return of its Deposit, if applicable.

24. On Closing:

    a. the successful Offeror (the "**Purchaser**") shall pay the balance of the purchase price, plus any exigible taxes, subject to any adjustments as agreed to by the Receiver in its sole discretion, to the Receiver, by certified cheque or bank draft; and
    b. on payment of the balance of the purchase price plus any exigible taxes, the Receiver's interest in the purchased Assets shall transfer to the Purchaser.

25. Within five days of the Closing Date, the Purchaser shall either:

a. take physical possession of all purchased Assets and remove such Assets from the premises (the "**Premises**") on which the Assets are located, or;
b. make arrangements with the owner of the Premises for the Assets to remain at the Premises, at the Purchaser's sole cost and expense with an express acknowledgement that the Receiver is released from all liability and occupation costs related to the Premises from and after five days after the Closing Date and that the Purchaser shall indemnify the Receiver in respect of same.

26. The Purchaser shall be responsible for all costs to remove the purchased Assets from the Premises including:

    a. any costs, liability or damage to the Premises as a result of removal of the purchased Assets,
    b. in the case of an *en bloc* purchase of the assets of a location, the costs of leaving the premises in a broom-swept condition, and;
    c. any costs (if any), including legal costs, incurred by the Receiver as a result of issues that arise in relation to the Premises as a result of the above.

27. In the case of an accepted Proposal, the successful Offeror (the "**Proponent**") shall be responsible to ensure that all Assets are removed from the Premises within five days following the conclusion of the liquidation and, in addition, the Proponent shall leave the Premises in a broom-swept condition and shall be liable for all costs, damages to the Premises, or costs arising due to any delay in removal of the Assets.

28. Any obligation of the Receiver to sell the Assets shall be terminated in the event that, prior to the Closing Date, the Assets are substantially damaged or destroyed. From and after the Closing Date, all risk of loss and damage to the purchased Assets shall be borne by the Purchaser(s) or Proponents (as applicable).

29. In the event that the Purchaser fails to comply with the terms and conditions of Closing, the Purchaser shall forfeit the Deposit to the Receiver and the Receiver may resell the Assets. The Purchaser shall be liable for any deficiency resulting from such a resale, including all costs and expenses in connection with the resale, including the ongoing costs of occupancy of the Premises and all legal costs.

30. All legal costs of the Receiver that the Purchaser/Proponent/Offeror is responsible to pay hereunder shall be on a full indemnity, solicitor-and-its-own-client-basis.

31. The Receiver shall have no obligation to complete the sale of the Assets if it is enjoined from doing so by an Order of a Court of competent jurisdiction or if the receivership is terminated.

32. Any liability of the Receiver to any Offeror, Purchaser or Proponent shall be limited to return of the Offeror's/Proponent's/Purchaser's Deposit, without interest and without costs.

33. The Receiver represents and warrants to the Purchaser / Proponent that it is now and will be, at the Closing date, a resident of Canada within the meaning of the *Income Tax Act* (Canada) and that this representation shall survive the Closing of any sale or transaction.

34. Any resulting agreement of purchase and sale or proposal agreement, if entered into, shall enure to the benefit of, and be binding upon, the parties thereto and their respective successors, heirs and assigns. It may not be assigned by either party without the express written consent of the other party.

35. Time is and shall be of the essence.

36. This document, and any Offer/Proposal, and acceptance of the Offer/Proposal shall constitute the entire agreement between the parties and may only be amended in writing.

37. This sales process, the Offer/Proposal and any purchase and sale of the Assets shall be irrevocably governed by the laws of the Province of the Alberta and the laws of Canada applicable therein; and the Receiver, and any Offeror or Purchaser irrevocably and exclusively attorn to the jurisdiction of the Courts of Alberta.

Dated at the City of Edmonton in the Province of Alberta, this 29th day of April, 2019

ERNST & YOUNG INC., in its capacity as
Receiver of D.L.M. Oilfield Enterprises Ltd.,
and not in its personal capacity

Per:

Schedule "A"

Please refer to the attached *Schedule* for a detailed listing of assets by Lot number.

Photographs of the majority of the Company's assets are available on the Receiver's website and may be accessed at:

www.ey.com/ca/dlm

The photographs are identified on the website by Lot number.

Schedule "B"

Offer to Purchase Assets of D.L.M. Oilfield Enterprises Ltd. ("DLM")

Submit Offers to: Ernst & Young Inc., Receiver of DLM
Attn: Daniel Pintaric
EPCOR Tower, 10423 – 101 Street, Suite 1400, PO Box 44
Edmonton, Alberta T5H 0E7

Offers must be submitted no later than 4:00 PM (Mountain Time) Thursday, May 23, 2019

Offers must be accompanied by a deposit in certified funds equal to at least 15% of the purchase price

Name of Offeror: ____

Address of Offeror:

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Fax: ___________________________

Email: ___________________________

Contact: ___________________________

Telephone: ___________________________

The undersigned hereby offers to purchase the Assets of DLM (as defined in the Invitation) as listed on the attached **Schedule "A"** as follows:

Total of all Lots bid (not including any exigible taxes) $______________________

A deposit by way of certified cheque or bank draft in the amount of $_________________ is attached hereto.

The undersigned acknowledges that this Offer is subject to the terms and conditions as set out in the Invitation, which are hereby incorporated into this Offer.

Dated: ______________________

____
[Name of Offeror]
Per:

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(Signature of authorized person)