CLERK OF THE COURT
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FEB - 6 2020
JUDICIAL CENTRE
OF CALGARY

Clerk's Stamp

COURT FILE NUMBER	1901-16844
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	ATB FINANCIAL (FORMERLY ALBERTA TREASURY BRANCHES
RESPONDENT	TRAVERSE ENERGY LTD.
DOCUMENT	**APPLICATION**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	McCarthy Tétrault LLP 4000, 421 – 7th Avenue SW Calgary, Alberta T2P 4K9 Attention: Sean Collins / Pantelis Kyriakakis Tel: 403-260-3531 / 3536 Fax: 403-260-3501 Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard, as shown below:

Date:	February 14, 2020
Time:	11:00 a.m.
Where:	Calgary Courts Center
Before Whom:	The Honourable Justice P.R. Jeffrey

Go to the end of this document to see what else you can do and when you must do it.

Remedy Claimed or Sought: Ernst & Young Inc. (the "**Receiver**"), in its capacity as the court-appointed receiver and manager of the current and future undertakings, property, and assets (collectively, the "**Property**") of Traverse Energy Ltd. (the "**Debtor**") pursuant to the receivership order issued by the Honourable Justice A.D. Macleod on December 6, 2019 (the "**Receivership Order**"), in the within proceedings (the "**Receivership Proceedings**"), applies for two (2) orders, substantially in the forms attached as Schedules "**A**" and "**B**" hereto:

1. Declaring that this application (the "**Application**") is properly returnable on February 14, 2020, service of this Application and the First Report of the Receiver, dated February 5, 2020 (the "**First Receiver's Report**"), is validated and declared to be good and sufficient, that services of this Application and the First Receiver's Report on the persons listed on the service list is validated, good, and sufficient, and that no persons, other than those on the service list, are entitled to service of the Application or the First Receiver's Report.

2. Authorizing and empowering the Receiver to retain Sayer Energy Advisors (the "**Sales Agent**") as the Debtor's sales agent and to implement the Sale and Investment Solicitation Process attached as Schedule "**A**" (the "**SISP**") to the proposed form of order attached as Schedule "**A**" hereto and to proceed, carry out, amend (if necessary), and implement any corresponding sales, marketing, or tendering processes, including any and all actions and steps related thereto, substantially in accordance with the proposed SISP, along with entering into any resulting agreement(s) or transaction(s) (collectively, the "**SISP Agreements**") which may arise in connection thereto, as the Receiver determines are necessary or advisable to close any and all transactions or complete any or all of the various steps contemplated by the SISP. However, the transfer and vesting of any and all of the Debtor's Property, subject to any SISP Agreements or the Stalking Horse APA (as defined below), will be subject to and dealt with by further Order of the Court.

3. Authorizing and permitting the Receiver, the Debtor, and the Sales Agent to use any and all information prepared by the Debtor, on or before the date of the Receivership Order, without having to affix any Association of Professional Engineers and Geoscientists of Alberta ("**APEGA**") stamp to any such documents, instruments, or records, as may be used in connection with the SISP.

4. Authorizing and empowering the Receiver to enter into the Asset Purchase Agreement, dated February 5, 2020, between the Debtor, by and through the Receiver, as the vendor, and Barrel Oil Corp. ("**Barrel**"), as the purchaser, attached as Appendix "**A**" (the "**Stalking Horse APA**") to the First Receiver's Report, as part of and in the manner contemplated by in the SISP.

5. Sealing the Confidential Supplement to the First Report of the Receiver, dated February 5, 2020 (the "**Confidential Supplement**"), until the earlier of: (i) further order of this Honourable Court; or, (ii) the conclusion of the within proceedings.

6. Granting the Receiver leave to apply to this Honourable Court to amend, vary, or seek advice, directions, or the approval of any transactions, in connection with the SISP.

7. Such further and other relief as counsel for the Receiver may advise and this Honourable Court may permit.

Grounds for Making this Application:

8. The Receiver was appointed as the receiver and manager of the Debtor pursuant to the Receivership Order.

9. Pursuant to the Receivership Order, the Receiver is empowered and authorized to market, advertise, and sell the Debtor's Property with the approval of this Honourable Court.

10. The Receiver has developed the SISP in consultation with the Sales Agent and ATB.

11. The SISP contemplates that the Sales Agent will be retained, by the Receiver, as the Debtor's sales and marketing agent, and that the Receiver and the Sales Agent will proceed to market the Debtor's Property in an open, fair, public, and transparent manner.

12. The Receiver is currently in possession of certain document, records, and instruments that are relevant for and which the Receiver intends to utilize as part of the documents being made available to prospective purchasers and bidders as part of the SISP (the "**Data Room Documents**").

13. A number of the Data Room Documents do not have the necessary stamps that APEGA requires to be affixed to such documents prior to their use (the "**Non-Conforming Documents**").

14. All Non-Conforming Documents: (i) were created by the Debtor prior to the granting of the Receivership Order; (ii) relate to the Property subject to the SISP; (iii) do not pertain to any health, safety, or environmental issues; and, (iv) are considered to be necessary as part of any potential due diligence process to be undertaken by any prospective purchaser or bidder.

15. The purpose of the SISP is to canvas the market for a Superior Offer (as defined in the SISP).

16. The SISP contemplates the following milestone deadlines:

(a) a first phase deadline, for the delivery of non-binding letters of interest, by March 20, 2020;

(b) if no Superior Offer is received, the Receiver intends to proceed with and seek the vesting of the Property, pursuant to and in accordance with the Stalking Horse APA;

(c) if a Superior Offer is received, the Receiver shall proceed to conduct an auction, at a date/time to be determined by the Receiver (the "**Auction**");

(d) the proposed structure of the Auction is as follows:

(i) each party that submitted a Superior Offer and Barrel will receive , from the Receiver, a copy of the highest Superior Offer, which will be used as the starting bid (the "**Starting Bid**");

(ii) bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid (a "**Subsequent Bid**") is submitted by an Auction Bidder that the Receiver determines is:

A. for the first round, a higher or otherwise better offer than the Starting Bid; and,

B. for subsequent rounds, a higher or otherwise better offer than the Leading Bid (defined below),

(iii) after the first round of bidding, and in between each subsequent round of bidding, the Receiver shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid, with full knowledge of the Leading Bid from the previous round;

(iv) if, in any round of bidding, no new Subsequent Bid which constitutes a new Leading Bid is made, the Auction shall close; and,

(v) at the end of the Auction, the Receiver shall select the winning bid (the "**Winning Bid**");

(e) once a definitive agreement has been negotiated and settled in respect of the Winning Bid, as selected by the Receiver, the Winning Bid shall be considered the "**Successful Bid**" and the person(s) who made the Successful Bid shall be the "**Successful Bidder**"; and,

(f) the contemplated completion date, for the closing of any transaction arising out of the SISP, is April 30, 2020.

17. The SISP contemplates the Receiver entering into the Stalking Horse APA, between the Debtor, by and through the Receiver, as the vendor, and Barrel, as the purchaser, as a stalking horse bid.

18. Upon execution, the Stalking Horse APA is binding on Barrel and conditional on: (i) the Stalking Horse APA being the Successful Bid; and, (ii) obtaining Court approval of: (a) the Stalking Horse APA; and, (b) the vesting of the Assets in the name of Barrel, free and clear of all liens.

19. The Stalking Horse APA automatically terminates upon the closing of a Successful Bid, if the Successful Bidder is any party other than Barrel, as contemplated by and in accordance with the SISP.

20. In the event the Stalking Horse APA terminates as a result of the Debtor closing a Successful Bid with a purchaser other than Barrel, the Stalking Horse APA and the SISP contemplate that, following such closing, Barrel will be entitled to a 3.0% break fee.

21. By entering into the Stalking Horse APA, in conjunction with the commencement of the SISP, the Stalking Horse APA provides the Debtor with a binding and definitive agreement, in the event that no Superior Offer arises, which will provide certainty that the Debtor will be able to enter into a transaction for the benefit of the Debtor's creditors and stakeholders.

22. Upon completing the SISP, pursuant to the terms therein, the Receiver is entitled to seek: (i) approval of the vesting and transfer of the Assets to Barrel, substantially in accordance with the terms of the Stalking Horse APA; or, (ii) should any Superior Offers arise, approval of the Successful Bid and any corresponding agreement and the vesting of any Property, as contemplated therein.

23. The Receiver has complete authority to administer the SISP and to determine whether a Superior Offer has been made. If the Receiver determines that a Superior Offer has been made the Receiver is entitled to proceed with the Superior Offer and ultimately the Successful Bid in accordance with the terms of the SISP.

24. The Confidential Supplement contains certain information concerning the engagement of the Sales Agent and certain commercially sensitive information related thereto

25. Such further and other grounds as counsel for the Receiver may advise.

Material or evidence to be relied on:

26. The First Report of the Receiver, dated February 5, 2020; and,

27. Such further and other material as counsel for the Receiver may advise and this Honourable Court may permit.

Applicable rules:

28. Rules 1.3, 6.3, 6.9, 6.28, and 11.27, and 13.5 of the *Alberta Rules Of Court*, Alta. Reg. 124/2010.

29. Such further and other rules as counsel for the Receiver may advise and this Honourable Court may permit.

Applicable acts and regulations:

30. The *Bankruptcy and Insolvency Act* (Canada).

31. The *Judicature Act* (Alberta).

32. Such further and other acts and regulations as counsel for the Receiver may advise or this Honourable Court may permit.

Any irregularity complained of or objection relied on:

33. There are no irregularities complained of or objections relied on.

<u>How the application is proposed to be heard or considered:</u>

34. The Receiver proposes that the Application be heard in person with one, some, or all of the parties present.

WARNING
If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE A
SISP AND STALKING HORSE APA APPROVAL ORDER

Clerk's Stamp

COURT FILE NUMBER	1901-16844
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	ATB FINANCIAL (FORMERLY ALBERTA TREASURY BRANCHES
RESPONDENT	TRAVERSE ENERGY LTD.
DOCUMENT	**ORDER (SISP and Stalking Horse APA Approval)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	McCarthy Tétrault LLP 4000, 421 – 7th Avenue SW Calgary, Alberta T2P 4K9 Attention: Sean Collins / Pantelis Kyriakakis Tel: 403-260-3531 / 3536 Fax: 403-260-3501 Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED:	**February 14, 2020**
NAME OF JUDGE WHO MADE THIS ORDER:	**Justice P.R. Jeffrey**
LOCATION OF HEARING:	**Calgary, Alberta**

UPON the application (the "**Application**") of Ernst & Young Inc. (the "**Receiver**"), in its capacity as the receiver and manager of the current and future undertakings, property, and assets (collectively, the "**Property**") of Traverse Energy Ltd. (the "**Debtor**") pursuant to the receivership order issued by the Honourable Justice A.D. Macleod on December 6, 2019 (the "**Receivership Order**"), in the within proceedings (the "**Receivership Proceedings**"); **AND UPON** having read the First Report of the Receiver, dated February 5, 2020 (the "**First Receiver's Report**"), filed; **AND UPON** having read the Confidential Supplement to the First Report of the Receiver, dated February 5, 2020 (the "**Confidential Supplement**"), unfiled; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn on February ●, 2020, filed; **AND UPON** hearing counsel for the Receiver and any other persons present;

IT IS HEREBY ORDERED AND DECLARED THAT:

DEFINED TERMS

1. Any and all capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Sale and Investment Solicitation Process attached as Schedule "**A**" hereto (the "**SISP**").

SISP AND STALKING HORSE APA APPROVAL

2. The Receiver is hereby authorized and empowered to retain Sayer Energy Advisors (the "**Sales Agent**") as the Debtor's sales and marketing agent under and in connection with the SISP.

3. The SISP is hereby approved and the Receiver is hereby authorized and empowered to proceed, carry out, and implement the SISP and all corresponding sales, marketing, or tendering processes, including any and all actions related thereto, substantially in accordance with the SISP and, furthermore, the Debtor, by and through the Receiver, is hereby authorized to enter into any resulting agreement(s) or transaction(s) (collectively, the "**SISP Agreements**") which may arise in connection thereto, as the Receiver determines are necessary or advisable in connection with or in order to complete any or all of the various steps, as contemplated by the SISP.

4. The Receiver is hereby authorized and empowered to amend, extend, shorten, or modify any of the requirements, milestones, or deadlines set forth in the SISP, if the Receiver determines, in the Receiver's sole discretion and based on its reasonable business judgment, that such an extension or modification will generally benefit the Debtor's creditors and other stakeholders.

5. The Receiver, the Debtor and the Sales Agent are hereby authorized and permitted to use any and all information prepared by the Debtor, on or before the date of the Receivership Order, without having to affix any Association of Professional Engineers and Geoscientists of Alberta ("**APEGA**") stamp to any such documents, instruments, or records, as may be used in connection with the SISP.

6. Any transaction involving the Debtor or the Property arising from or out of the SISP will be on an "as is, where is" basis and without surviving representations, warranties, covenants, or indemnities of any kind, nature, or description, including, but in no way limited to, any liability or undertaking as a result of any documents utilized as part of the SISP (without or without an APEGA stamp), by the Receiver, the Debtor, the Sales Agent, or any of their estates, agents,

advisors, professionals, or otherwise, except to the extent expressly set forth in any relevant agreement between the Debtor and any person participating in the SISP.

7. The Receiver is hereby authorized and empowered to enter into the Asset Purchase Agreement, dated February 5, 2020, between the Debtor, by and through the Receiver, as the vendor, and Barrel Oil Corp., as the purchaser, attached as Appendix "A" to the First Receiver's Report (the "**Stalking Horse APA**"), as part of and in the manner contemplated by the SISP.

8. Nothing herein shall act as authorization or approval of the transfer or vesting of any or all of the Debtor's Property under any SISP Agreements, the Stalking Horse APA, or otherwise. Such transfer and vesting shall be dealt with and will be subject to further Order of this Honourable Court.

MISCELLANEOUS MATTERS

9. The Receiver and any interested person is hereby authorized and empowered to apply to this Honourable Court to amend, vary, or seek any advice, directions, or the approval or vesting of any transactions, in connection with the SISP.

10. Service of this Order shall be deemed good and sufficient by:

(a) Serving the same on:

(i) the persons listed on the service list created in these proceedings;

(ii) any other person served with notice of the application for this Order;

(iii) any other parties attending or represented at the application for this Order; and,

(b) Posting a copy of this Order on the Receiver's website at: https://documentcentre.eycan.com/Pages/Main.aspx?SID=1475

and service on any other person is hereby dispensed with.

11. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

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

SCHEDULE "A" TO THE SISP AND STALKING HORSE APA APPROVAL ORDER
SISP

SALE AND INVESTMENT SOLICITATION PROCESS

Preamble

1. This Sale and Investment Solicitation Process (the "**SISP**") will be implemented as part of the receivership proceedings (the "**Receivership Proceedings**") commenced pursuant to the Receivership Order issued by the Court of Queen's Bench of Alberta (the "**Court**") on December 6, 2019 (the "**Receivership Order**"), pursuant to which Ernst & Young Inc. (the "**Receiver**") was appointed as receiver and manager of all of the assets, properties, and undertakings (collectively, the "**Property**") of Traverse Energy Ltd. (the "**Debtor**"). This SISP was approved by an order granted by the Court on February 14, 2020 (the "**SISP Approval Order**").

2. The SISP Approval Order, *inter alia*, approved this SISP together with the entering into of a purchase and sale agreement (the "**Stalking Horse APA**") between the Debtor, by and through the Receiver, as vendor, and Barrel Oil Corp. (the "**Stalking Horse Purchaser**"), as purchaser, pursuant to which the Stalking Horse Purchaser made an offer to purchase certain Property of the Debtor (the "**Assets**").

3. The SISP Approval Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**"), and any subsequent order issued by the Court pertaining to the SISP or the SISP Procedures shall exclusively govern the process for soliciting and selecting offers and bids for the sale of the Property of the Debtor, or any refinancing, reorganization, recapitalization, restructuring, joint-venture, merger, or other business transaction involving the Debtor or the Property, or any combination thereof.

Stalking Horse APA

4. The Stalking Horse APA provides that the purchase price (the "**Stalking Horse Purchase Price**") for the acquisition of the Assets will be paid in cash.

5. The Stalking Horse Purchase Price is approximately $3,250,000 (CDN).

6. The purpose of these SISP Procedures is to determine whether a higher and better offer than the Stalking Horse APA may be obtained by the Receiver in a formal Court supervised marketing process, undertaken as part of these Receivership Proceedings and approved by the Court.

7. For the purposes of the SISP Procedures, a "**Superior Offer**" shall mean:

   (a) a credible, reasonably certain, and financially viable offer made by a Qualified Bidder (as defined herein) to acquire the Property (or any part thereof) or shares in the Debtor, or any refinancing, recapitalization, joint-venture, merger or other business transaction involving the Debtor or some combination thereof, the terms of which are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APA;

   (b) an offer that provides for consideration that, in the reasonable business judgment of the Receiver, is at least $50,000 in excess of the value of the consideration payable pursuant to the Stalking Horse APA plus the Break Fee (as defined below); and,

(c) an offer which is accompanied by a deposit (the "**Deposit**" which includes the Deposit paid under the Stalking Horse APA) paid by way of certified cheque or bank draft payable to the Receiver, in trust, that is equal to (10%) percent of the purchase price or consideration to be paid under the corresponding offer.

Conduct of SISP Procedures

8. The Receiver shall conduct the SISP Procedures as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of the SISP or the SISP Procedures or the responsibilities of any person hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions upon application of the Receiver, the Stalking Horse Purchaser, or any other interested person.

"As Is, Where Is"

9. Any transaction involving the Debtor, the shares of the Debtor, or the Property of the Debtor, will be on an "**as is, where is**" basis and without any surviving representations, warranties, covenants, or indemnities of any kind, nature, or description by the Debtor, the Receiver, or any of their agents, estates, advisors, professionals, or otherwise, except to the extent set forth in a written agreement with the person who is a counterparty to such a transaction.

Free of Any and All Claims and Interests

10. All of the right, title, and interest of the Debtor in and to any assets sold or transferred within the Receivership Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of any security, charge, or other restriction (collectively, the "**Claims and Interests**") pursuant to approval and vesting orders made by the Court except for any security, charge, or other restriction expressly contemplated in the Stalking Horse APA, as part of any Superior Offer, or any corresponding purchase and sale agreements, or listed as a "permitted encumbrance" in any corresponding sale approval and vesting orders, as the case may be.

SISP Commencement

11. The Receiver may commence the SISP Procedures immediately following the SISP Approval Order (the "**SISP Commencement Date**") by preparing, in consultation with Sayer Energy Advisors (the "**Sales Agent**"), a list of potential bidders (the "**Known Potential Bidders**") and generally marketing the Debtor's Property in an open, fair, and public manner. Additionally, the list of Known Potential Bidders shall include both strategic and financial parties who, in the reasonable business judgment of the Receiver and the Sales Agent, may be interested in and have the financial capacity to make a Superior Offer.

12. The Receiver or the Sales Agent will give notice of these SISP Procedures to Known Potential Bidders (including the Participation Requirements as specified below) shortly after the SISP Commencement Date. In addition, the Sales Agent will continue to publicly market and advertise the Debtor's Property.

Participation Requirements

13. Unless otherwise ordered by the Court, any person (including any Known Potential Bidders) who wishes to participate in this SISP must deliver the following to the Receiver or the Sales Agent:

    (a) an executed form of confidentiality agreement that is satisfactory to the Receiver, acting reasonably, and which shall enure to the benefit of any person who completes a transaction with the Receiver (the "**Confidentiality Agreement**"); and

    (b) a specific indication of the anticipated sources of capital and / or credit for such person and satisfactory evidence of the availability of such capital and / or credit so as to demonstrate that such person has the financial capacity to complete a transaction which constitutes a Superior Offer,

    (collectively, the "**Participation Requirements**").

14. If, in the opinion of the Receiver, a person has complied with each of the requirements described in Section 13 herein, such person shall be deemed a "**Potential Bidder**" hereunder.

15. The Sales Agent will provide each Potential Bidder with access to an electronic data room containing due diligence materials and financial, tax, and other information relating to the shares, the Property, and the business of the Debtor, as soon as practicable after the determination that such person is a Potential Bidder.

16. Neither the Receiver, the Debtor, nor the Sales Agent is responsible for, and such parties will have no liability with respect to, any information obtained by or provided to any Potential Bidder(s). The Receiver, the Debtor, the Sales Agent, and their advisors do not make any representations or warranties whatsoever as to the information or the materials provided.

Phase 1 – Bid Deadline

17. A Potential Bidder will be deemed a "**Qualified Bidder**" if such Potential Bidder submits a non-binding letter of intent to the Receiver (a "**Qualified LOI**") on or before 5:00 pm (Calgary Time time) on March 20, 2020 (the "**Phase 1 Bid Deadline**"). Subject to Section 18 of these SISP Procedures, a non-binding indication of interest will only qualify as a Qualified LOI in the event that it contains, meets, or includes all of the following:

    (a) it is received by the Receiver on or before the Phase 1 Bid Deadline;

    (b) it includes a summary of:

        (i) the type and amount of consideration to be paid by the Qualified Bidder;

        (ii) the Property subject to the proposed transaction;

(iii) the structure and financing of the transaction (including, but not limited to, the sources of financing and evidence of the availability of such financing);

(iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;

(v) any additional due diligence required or desired to be conducted prior to the commencement of the Auction (as defined herein), if any;

(vi) any conditions to closing that the Qualified Bidder may wish to impose; and;

(vii) any other terms or conditions of the transaction which the Qualified Bidder believes are material to the transaction;

(c) it provides for the completion of the transactions contemplated therein on or before April 30, 2020 (the "**Completion Date**");

(d) such other information reasonably requested by the Receiver.

18. The Receiver, acting reasonably, may waive non-compliance with any one or more of the requirements specified in paragraph 17 of these SISP Procedures and deem any non-compliant letter of intent to be a Qualified LOI.

19. If a Qualified LOI, which also constitutes a Superior Offer, is received, these SISP Procedures shall proceed to the next phase. If no Qualified LOIs, which constitutes a Superior Offer, is received by the Phase I Bid Deadline:

(a) these SISP Procedures shall terminate; and,

(b) the Receiver shall, within five (5) Business Days of the termination of these SISP Procedures, confirm that the Receiver has scheduled an application with the Court seeking approval, after notice and hearings, to implement the Stalking Horse APA.

Phase 2 - Auction

20. If a Superior Offer is received as determined by the Receiver, the Receiver shall proceed to conduct an auction, at a date/time to be determined by the Receiver (the "**Auction**"), but within ten (10) days following the Phase 1 Bid Deadline. The Auction will include the following procedures:

(a) each party that submitted a Superior Offer and the Stalking Horse Purchaser will receive a copy of the highest Superior Offer which will be used as the starting bid (the "**Starting Bid**");

(b) each party that submitted a Superior Offer and the Stalking Horse Purchaser must inform the Receiver whether such party intends to participate in the

Auction, by a date/time to be determined by the Receiver. Those parties that elect to participate in the Auction are referred to as "**Auction Bidders**";

(c) the Receiver, the Auction Bidders, and such other persons permitted by the Receiver are the only parties able to attend the Auction;

(d) bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one bid (a "**Subsequent Bid**") is submitted by an Auction Bidder that the Receiver determines is:

(i) for the first round, a higher or otherwise better offer than the Starting Bid; and,

(ii) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (defined below),

(e) after the first round of bidding, and in between each subsequent round of bidding, the Receiver shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the previous round's Leading Bid or the Starting Bid, as applicable;

(f) each Subsequent Bid shall provide an incremental cash value of at least $50,000 over the Starting Bid or the Leading Bid, as applicable;

(g) the Stalking Horse Purchaser shall be permitted, in its sole discretion, to submit Subsequent Bids, provided, however, that each Subsequent Bid must be made in the same manner as all Subsequent Bids are made by other Auction Bidders; and,

(h) if, in any round of bidding, no new Subsequent Bid is made which is determined to be better than the previous round's Leading Bid, the Auction shall be closed.

21. At the end of the Auction, the Receiver shall select the winning Leading Bid (the "**Winning Bid**"). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid, as selected by the Receiver, in its sole and unfettered discretion, the Winning Bid shall be considered the "**Successful Bid**" and the person(s) who made the Successful Bid shall be the "**Successful Bidder**".

22. If the Successful Bidder is a party other than the Stalking Horse Purchaser, the Receiver shall pay the Stalking Horse Purchaser a break fee equal to three percent (3.0%) of the Stalking Horse Purchase Price (the "**Break Fee**") from the proceeds of the Successful Bid, within five (5) business days following the completion and the closing of all transaction(s) contemplated by the Successful Bid.

Deposits

23. All Deposits shall be retained by the Receiver and invested in an interest bearing trust account in a Schedule I Bank in Canada or ATB Financial. With respect to the Winning Bid, the corresponding Deposit (plus accrued interest) paid by the person making such Winning Bid shall be applied to the consideration to be paid by such person upon the closing of the transactions constituting the Successful Bid.

24. The Deposit(s) (plus applicable interest) of all persons who did not make the Winning Bid shall be returned to such persons within five (5) Business Days following the date that the Court approves the Successful Bid.

25. If the Successful Bidder breaches or defaults on its obligation to close the transaction in respect of such Successful Bid it shall forfeit its Deposit to the Receiver for and on behalf of the Debtor; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Debtor has in respect of such breach or default.

Notice

26. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "**A**" hereto. A bid and all associated documentation shall be delivered to the Receiver by electronic mail, personal delivery, or courier. Persons requesting information about these SISP Procedures should contact the Receiver or the Sales Agent at the contact information contained in Schedule "**A**".

Vesting Order

27. In the event that the Debtor or the Receiver enters into any agreement with a Successful Bidder (which, for certainty includes the Stalking Horse APA, in the event that no Superior Offer is received during the course of the SISP Procedures) concerning a transaction involving the purchase and sale of the Property, the Receiver shall subsequently apply for an Order from the Court approving such transaction and vesting title in the Property, subject to such Successful Bid and in accordance with the corresponding agreement for purchase and sale.

Advice & Directions

28. At any time during these SISP Procedures, the Receiver, the Sales Agent, or the Stalking Horse Purchaser may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

Schedule "A"

Address for Notices and Deliveries

To the Receiver:

Ernst & Young Inc.
2200, 215 – 2nd Street SW
Calgary, AB T2P 1M4

Attention: Dylan Holwell
Email: dylan.holwell@ca.ey.com

To the Sales Agent:

Sayer Energy Advisors
166620, 540 – 5th Avenue SW
Calgary, AB T2P 0M2

Attention: Tom Pavic
Email: TPavic@sayeradvisors.com

SCHEDULE B
SEALING ORDER

Clerk's Stamp

COURT FILE NUMBER	1901-16844
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	ATB FINANCIAL (FORMERLY ALBERTA TREASURY BRANCHES
RESPONDENT	TRAVERSE ENERGY LTD.
DOCUMENT	**ORDER (Sealing)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	McCarthy Tétrault LLP 4000, 421 – 7th Avenue SW Calgary, Alberta T2P 4K9 Attention: Sean Collins / Pantelis Kyriakakis Tel: 403-260-3531 / 3536 Fax: 403-260-3501 Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED:	**February 14, 2020**
NAME OF JUDGE WHO MADE THIS ORDER:	**Justice P.R. Jeffrey**
LOCATION OF HEARING:	**Calgary, Alberta**

UPON the application (the "**Application**") of Ernst & Young Inc. (the "**Receiver**"), in its capacity as the receiver and manager of the current and future undertakings, property, and assets (collectively, the "**Property**") of Traverse Energy Ltd. (the "**Debtor**") pursuant to the receivership order issued by the Honourable Justice A.D. Macleod on December 6, 2019 (the "**Receivership Order**"), in the within proceedings (the "**Receivership Proceedings**"); **AND UPON** having read the First Report of the Receiver, dated February 5, 2020 (the "**First Receiver's Report**"), filed; **AND UPON** having read the Confidential Supplement to the First Report of the Receiver, dated February 5, 2020 (the "**Confidential Supplement**"), unfiled; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn on February ●, 2020 (the "**Service Affidavit**"), filed; **AND UPON** hearing counsel for the Receiver and any other persons present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Part 6, Division 4 of the *Alberta Rules of Court* does not apply to the Application and the Clerk of the Court is hereby directed to seal the Confidential Supplement, on the Court file, until the earlier of: (i) further order of this Honourable Court; or, (ii) the conclusion of the within proceedings. The Confidential Supplement shall be sealed and filed in an envelope containing the following endorsement thereon:

> THIS ENVELOPE CONTAINS THE CONFIDENTIAL SUPPLEMENT TO THE FIRST REPORT OF THE RECEIVER, DATED FEBRUARY 5, 2020. THE CONFIDENTIAL SUPPLEMENT TO THE FIRST REPORT OF THE RECEIVER IS SEALED PURSUANT TO AN ORDER ISSUED BY THE HONOURABLE JUSTICE P.R. JEFFREY, DATED FEBRUARY 14, 2020, AND IS NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICALLY ACCESSIBLE.

2. Any persons may apply, on reasonable notice to the Receiver and any other persons likely to be affected, to vary or amend the terms of paragraph 1 of this Order.

3. Service of this Order shall be deemed good and sufficient by:

(a) Serving the same on:

(i) the persons listed on the service list created in these proceedings;

(ii) any other person served with notice of the application for this Order;

(iii) any other parties attending or represented at the application for this Order; and,

(b) Posting a copy of this Order on the Receiver's website at: https://documentcentre.eycan.com/Pages/Main.aspx?SID=1475

and service on any other person is hereby dispensed with.

4. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

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