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COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	ROYAL BANK OF CANADA
RESPONDENTS	PETRO WEST LIMITED PARTNERSHIP and PETRO WEST LTD.
DOCUMENT	PROPOSED RECEIVER'S REPORT January 23, 2020
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>PROPOSED RECEIVER</u> ERNST & YOUNG INC. Calgary City Centre 2200, 215 2nd Street SW Calgary, AB T2P 1M4 Attention: Peter Chisholm / Dylan Holwell Telephone: (403) 206-5061 / (403) 206-5431 Fax: (403) 206-5075 Email: peter.chisholm@ca.ey.com / dylan.holwell@ca.ey.com

TABLE OF CONTENTS OF THE PROPOSED RECEIVER'S REPORT

APPENDICES

INTRODUCTION

1. On December 10, 2019, IEC Ltd. Audeamus Capital Corp. and certain other affiliates and related entities (collectively, the "Applicants") that are members of the Strategic Group of Companies (the "Strategic Group") sought and obtained an order (the "Initial Order") granting an initial stay of proceedings (the "Stay") in favour of the Applicants pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, C-36, as amended (the "CCAA").

2. The Initial Order appointed Hardie & Kelly Inc. as monitor in the CCAA proceedings (the "CCAA Proceedings") and provided limited relief to the Applicants, including, but not limited to, the Stay in favour of the Applicants and their assets through to December 20, 2019. The Initial Order also provided a Stay in favour of the limited partnerships whose general partners are Applicants (each, a "Stay LP").

3. On December 20, 2019, this Honourable Court granted an order (the "Interim Receivership Order") pursuant to section 47(1) of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, section 13(2) of the Judicature Act, RSA 2000, c J-2, and section 49(2) of the Law and Property Act, RSA 2000, c L-7. The Interim Receivership Order appointed Alvarez and Marsal Canada Inc., LIT as interim receiver and manager (the "Interim Receiver"), without security, of the assets of the Applicants and the Stay LPs (the "Interim Receivership Proceedings").

4. Petro West Limited Partnership ("Petro West LP") is a Stay LP pursuant to the Initial Order and is subject to the Interim Receivership Order. Petro West Ltd. is the general partner of Petro West LP, was an Applicant under the Initial Order and is now subject to the Interim Receivership Order. Petro West Ltd. is the registered owner of a commercial property municipally located at 1210 – 8th Street SW, Calgary, Alberta (the "Petro West Property"). Petro West LP is the beneficial owner of the Petro West Property. Petro West Ltd. and Petro West LP are collectively referred to herein as "Petro West".

5. Ernst & Young Inc. ("EYI" or the "Proposed Receiver") understands that Petro West and Royal Bank of Canada ("RBC") entered into a commitment letter dated October 5, 2015, pursuant to which RBC agreed to advance $8.15 million to Petro West by way of a mortgage to be used to payout existing financing in respect of the Petro West Property (the "Petro West Mortgage"). The Petro West Mortgage is guaranteed by IEC Ltd. and Riaz Mamdani (founder and chief executive officer of the Strategic Group), as guarantors, to and in favour of RBC.

6. The Proposed Receiver understands that RBC is the only party with a mortgage and an assignment of rents and leases registered on title to the Petro West Property. As at January 8,

2020, Petro West was indebted to RBC in the amount of approximately $7.0 million plus interest accruing thereafter, exclusive of enforcement expenses, legal fees and other out of pocket costs and disbursements (the “Petro West Indebtedness”).

7. RBC is seeking an Order of this Honourable Court (the “Proposed Receivership Order”), inter alia, appointing EYI as receiver and manager to exercise the powers and duties set out in the Proposed Receivership Order, pursuant to section 243(1) of the Bankruptcy and Insolvency Act, RSC 1985, c B-3 (the “BIA”), section 13(2) of the Judicature Act, R.S.A. 2000, c J-2, section 99(a) of the Business Corporations Act, R.S.A. 2000, c B-9 and section 65(7) of the Personal Property Security Act, R.S.A. 2000, c P-7, without security, of the assets, properties and undertakings of Petro West as further described in the Proposed Receivership Order.

8. EYI is a licensed insolvency trustee within the meaning of section 2 of the BIA and has consented to act as receiver and manager of Petro West, in the event this Honourable Court grants the relief sought by RBC.

PURPOSE

9. The purpose of this proposed receiver’s report (the “Proposed Receiver’s Report”) is to provide this Court with the Proposed Receiver’s comments in respect of the sales process (the “Proposed Sales Process”) being sought by RBC for the Proposed Receiver to solicit offers from parties interested in acquiring the Petro West Property, including the proposed timelines in respect thereof.

10. This Proposed Receiver’s Report is limited to the Proposed Sales Process being sought for the Petro West Property and is not intended to provide comprehensive comments on the affairs of Petro West nor any of the other Applicants that are subject to the Initial Order or the Interim Receivership Order.

TERMS OF REFERENCE AND DISCLAIMER

11. In preparing this Proposed Receiver’s Report, the Proposed Receiver has relied upon certain unaudited, draft, and/or internal financial information prepared by Petro West’s representatives, Petro West’s books and records, and publicly available information filed in the CCAA Proceedings and Interim Receivership Proceedings.

12. All references to dollars are in Canadian currency unless otherwise noted.

SUMMARY OF PROPOSED SALES PROCESS

13. As the primary secured creditor of Petro West, RBC believes that it is appropriate to begin the Proposed Sales Process immediately in order to develop an understanding of the market's view of the Petro West Property and to identify parties interested in purchasing the Petro West Property. Therefore, RBC retained the Proposed Receiver to develop the Proposed Sales Process with a view to maximizing the value received in an orderly disposition of the Petro West Property.

14. The Proposed Receiver, in consultation with Ernst & Young Orenda Corporate Finance Inc. ("EY Transaction Real Estate"), has developed the Proposed Sales Process to market and sell the Petro West Property through a formal, two-phase, deadline-based process. A copy of the Proposed Sales Process is attached hereto at Appendix 'A'.

15. EY Transaction Real Estate is a national practice consisting of real estate professionals with a diverse set of competencies and experience, including sales mandates involving distressed real estate properties and Court-supervised sales processes.

Key Dates and Activities

16. The Proposed Receiver is proposing an official marketing launch on or before February 18, 2020, and a total eight-week period to canvass the market, solicit non-binding letters of intent, and have parties invited to Phase II (as discussed below) in order to complete further due diligence and solicit binding offers to purchase the Petro West Property. The Proposed Receiver will retain EY Transaction Real Estate to act as selling agent under the Proposed Sales Process.

17. The Proposed Sales Process would involve the following steps (as more specifically described at Appendix 'A'):

    a) Official Launch Date: Electronic distribution of a marketing teaser letter (the "Teaser") and non-disclosure agreement ("NDA") on or before February 18, 2020. The Teaser will provide summary details on the Petro West Property and will also include the process and timeline for submitting bids in the Proposed Sales Process;

    b) Phase I Due Diligence: Interested parties that execute an NDA in a form satisfactory to the Receiver will receive a confidential information memorandum ("CIM") describing the opportunity in further detail and access to a secure, electronic data room maintained by EY Transaction Real Estate containing confidential due diligence information. Interested parties that execute an NDA are referred to herein as "Phase I Bidders";

c) Phase I Submission Bid Date: The Proposed Receiver will prepare a form of non-binding letter of intent ("Non-Binding LOI") to be used by Phase I Bidders interested in submitting an offer to the Proposed Receiver for the Petro West Property. Non-Binding LOIs submitted to the Proposed Receiver must be received by no later than 12:00 P.M. (Calgary time) on March 23, 2020;

d) Selection of Phase II Qualified Bidders: On or before March 24, 2020, the Proposed Receiver and EY Transaction Real Estate will review the Non-Binding LOIs received and determine if there is one or multiple bids that are appropriate for further negotiation and/or completion of a transaction for the sale of the Petro West Property. Parties submitting Non-Binding LOIs that are selected to move forward in the Proposed Sales Process are referred to as "Phase II Qualified Bidders";

e) Phase II Due Diligence: Allow each Phase II Qualified Bidder access to additional due diligence information, property tours and presentations, as required and as applicable, to satisfy due diligence requirements, to April 13, 2020;

f) Phase II Submission Bid Date: The Receiver will prepare a form of purchase and sale agreement ("PSA") for use by Phase II Qualified Bidders in the submission of formal, binding offers to purchase the Petro West Property. The deadline for Phase II Qualified Bidders to submit a sealed, formal PSA (each, a "Binding Offer") to purchase the Petro West Property will be 12:00 P.M. (Calgary time) on April 13, 2020;

g) Deposit: Binding Offers submitted by Phase II Qualified Bidders are to include a commitment to provide a refundable deposit in the amount of not less than 10% of the purchase price offered (the "Deposit"). One half of the Deposit shall be payable upon submission of a Binding Offer to the Receiver. The second half of the Deposit shall be submitted to the Receiver upon a Phase II Qualified Bidder's Binding Offer being selected as the Successful Bid (as defined below). The Deposit shall be applied against the purchase price set forth in the Successful Bid;

h) Selection of Successful Bid: On or before April 16, 2020, the Proposed Receiver, in consultation with EY Transaction Real Estate, will identify the highest or otherwise best Binding Offer submitted and identify the successful bid (the "Successful Bid"), subject to Court approval;

i) Court Approval: Following selection of the Successful Bid, on or before April 30, 2020, the Proposed Receiver will seek Court approval to enter into a purchase and sale agreement with the Phase II Qualified Bidder that submitted the Successful Bid; and

j) Closing of a Transaction: On or before May 15, 2020, the Proposed Receiver and EY Transaction Real Estate will have completed the Proposed Sales Process.

EY Transaction Real Estate

18. The Proposed Sales Process includes three stages: (i) pre-marketing, (ii) marketing, and (iii) offer submission and evaluation (consisting of a two-phase, deadline-based process).

19. EY Transaction Real Estate's responsibilities during these three stages will include:

Pre-Marketing Stage

a) Reviewing supporting documents related to the Petro West Property, including historical and forecasted financial data, appraisals, capital expenditures, environmental reports, lease agreements, etc.;

b) Conducting research over market trends, economic and demographic analysis, recent transactions and comparable properties;

c) Developing a list of parties which may be interested in acquiring the Petro West Property based upon knowledge of the market and input from key stakeholders;

d) Developing comprehensive marketing materials for the Petro West Property, including the Teaser and CIM;

e) Working with the Receiver and its legal counsel to prepare transaction documents, including templates for the NDA, Non-Binding LOI and PSA;

f) Setting up a virtual data room with relevant due diligence information on the Petro West Property;

Marketing

g) Arranging for notice of the Proposed Sales Process to be published in the Calgary Herald and any other newspaper or journals deemed appropriate by the Receiver and EY Transaction Real Estate;

h) Issuing a press release with Canada Newswire setting out summary details of the Proposed Sales Process and the Petro West Property;

i) Sending the Teaser and NDA to the final potential purchaser list;

j) Upon execution of an NDA, present the CIM in meetings with Phase I Bidders;

k) Managing the flow of information in the data room and responding to due diligence requests from Phase I Bidders;

l) Facilitating regular discussions and meetings with Phase I Bidders to maintain interest, including conducting property tours as requested;

Offer Submission and Evaluation: Phase I

m) Assisting the Receiver in reviewing Non-Binding LOIs received, including both the purchase price and terms and conditions for the purchase of the Petro West Property, and the financial capability and wherewithal of Phase I Bidders to consummate a transaction;

n) Assisting the Receiver in identifying a small number of the Non-Binding LOIs submitted to advance to Phase II of the Proposed Sales Process;

o) Preparing a bid process letter to be sent to Phase II Qualified Bidders, setting out the process for the submission of formal Binding Offers to purchase the Petro West Property and providing the template PSA;

Offer Submission and Evaluation: Phase II

p) Assisting the Receiver in managing additional due diligence requests from Phase II Qualified Bidders;

q) Assisting the Receiver in reviewing the Binding Offers received, including negotiations with Phase II Qualified Bidders through to the selection of a Successful Bid;

r) Supporting the Receiver in finalizing and executing a formal PSA in respect of the Successful Bid, subject to Court approval; and

s) Supporting the Receiver through the closing process.

20. EY Transaction Real Estate's fees shall be based on time spent by the relevant professionals in performing the services at hourly rates equivalent to those charged by the Receiver. EY Transaction Real Estate’s fees will not exceed 3.00% of the gross purchase price achieved in the

Successful Bid, based upon the industry standard for selling fees in commercial real estate transactions, and will likely be less than the success fees payable in similar transactions.

RECOMMENDATION

21. The Proposed Receiver believes that initiating the Proposed Sales Process at this time is appropriate in the circumstances:

a) Petro West was formed for the sole purpose of owning the Petro West Property and does not have any employees or business activity other than rent received from tenants. The Proposed Sales Process is consistent with sales processes undertaken for real property in other recent formal insolvency proceedings;

b) The timelines set out in the Proposed Sales Process will provide sufficient time for arm's length market participants to assess the opportunity to purchase the Petro West Property, submit Non-Binding LOIs prior to the Phase I Bid Submission Date and Binding Offers prior to the Phase II Bid Submission Date;

c) Increased professional fees would be incurred should an additional court application be required to separately approve a sales process for the Petro West Property; and

d) The Proposed Sales Process is supported by RBC, the only known party with a mortgage and an assignment of rents and leases registered on title to the Petro West Property. Should this Court grant the Proposed Receivership Order, the Proposed Receiver will obtain a legal opinion from its independent legal counsel as to the validity and enforceability of the security granted by Petro West to RBC.

Dated at Calgary, Alberta this 23rd day of January, 2020.

ERNST & YOUNG INC.
in its capacity as the Proposed Receiver
of Petro West

Peter Chisholm, CPA, CA, CIRP, LIT	Dylan Holwell, CPA
Senior Vice President	Manager

APPENDIX "A"
PROPOSED SALES PROCESS

INTRODUCTION

All capitalized terms not defined herein shall take the meaning ascribed to them in the Proposed Receiver's Report to which this Appendix "A" is attached.

Ernst & Young Inc. ("EYI") was appointed receiver (the "Receiver") and manager of the property, assets and undertakings of Petro West Limited Partnership and Petro West Ltd., pursuant to an Order (the "Receivership Order") of the Court of Queen's Bench of Alberta (the "Court"), dated January 30, 2020.

Petro West Ltd. is the general partner of Petro West Limited Partnership (together, "Petro West"), which has a beneficial ownership interest in a single commercial property municipally located at 1210 – 8th Street SW, Calgary, Alberta (the "Petro West Property"). The primary asset of Petro West is the Petro West Property and any personal property related to it.

The Receiver retained the Transaction Real Estate group within Ernst & Young Orenda Corporate Finance Inc. as its selling agent (the "Selling Agent") to market and sell the Petro West Property in accordance with the sales process described herein (the "Sales Process").

The Receiver, with the assistance of the Selling Agent, intends to conduct the Sales Process pursuant to approval of the Court granted by an Order dated January 30, 2020 (the "Sales Process Order"). Under the Sales Process, all qualified interested parties will be provided with an opportunity to participate in the Sales Process.

This document outlines the steps to be undertaken in the Sales Process, comprised principally of three (3) stages: (i) pre-marketing; (ii) marketing; and (iii) offer submission and evaluation.

OPPORTUNITY AND SALES PROCESS SUMMARY

1. The Sales Process is intended to solicit interest in, and opportunities for, a sale of the Petro West Property and any personal property related to it.

2. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Binding Offer will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature or description by the Receiver or any of its respective affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Receiver and Petro West in and to the Petro West Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests therein and thereon pursuant to Court Order, except for permitted encumbrances or as otherwise provided for in such Court Order.

3. Solicitation of interest for binding offers to purchase the Petro West Property ("Binding Offers") will be on an unpriced basis whereby no set asking price will be stipulated.

4. As described more fully in this Sales Process, the major stages in the Sales Process will be comprised of the following:

   a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of a potential buyer list;

   b) Marketing: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and

   c) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.

5. The offer submission and evaluation stage of the Sales Process will be comprised of a two-phase offering process: “Phase I” being the submission of non-binding letters of intent (“Non-Binding LOI”) from qualified bidders, and “Phase II” being the submission of Binding Offers from those parties that submitted Non-Binding LOIs and have been invited by the Receiver, in consultation with the Selling Agent, to participate in Phase II as Phase II Qualified Bidders.

TIMELINE

6. The following table sets out the key milestones in the Sales Process:

Milestones	Deadlines
Launch of Sales Process	February 18, 2020
Phase I Non-Binding LOI deadline	March 23, 2020
Phase II Binding Offer deadline	April 13, 2020
Closing date	May 15, 2020

PRE-MARKETING STAGE

7. As soon as reasonably practicable, but in any event by no later than February 18, 2020:

   a) The Selling Agent, in consultation with the Receiver, will prepare: (i) a teaser letter (the “Teaser”) describing the Petro West Property, outlining the Sales Process and inviting recipients of the Teaser to express their interest to participate in the Sales Process; (ii) a non-disclosure agreement (“NDA”) in form and substance satisfactory to the Receiver and its legal counsel; and (iii) a confidential information memorandum (“CIM”). The CIM will specifically stipulate that the Receiver, Selling Agent and their respective advisors make no representation or warranty as to the accuracy or completeness of the information contained in the CIM, the Data Room (as defined below), or otherwise made available pursuant to the Sales Process, except as expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Receiver;

b) The Receiver and the Selling Agent will gather and review all required due diligence material to be provided to interested parties and shall establish a secure, electronic data room (the “Data Room”), which will be maintained and administered by the Selling Agent during the Sales Process;

c) The Receiver will develop a template form of purchase and sale agreement for use during the Sales Process (the “Template PSA”), a copy of which will be placed in the Data Room; and

d) The Selling Agent will prepare a list of potential bidders, including (i) parties that have approached the Receiver or the Selling Agent to express an interest in the Petro West Property, and (ii) local, national and international strategic and financial parties who the Receiver and the Selling Agent believe may be interested in purchasing the Petro West Property (collectively, “Known Potential Bidders”).

MARKETING

8. The Receiver will arrange for notice of the Sales Process (and such other relevant information as the Receiver and the Selling Agent consider appropriate) (the “Notice”) to be published in the Calgary Herald and any other newspaper or journals as the Receiver and the Selling Agent consider appropriate, if any.

9. The Receiver will issue a press release with Canada Newswire (the “Press Release”) setting out the information contained in the Notice and such other relevant information as the Receiver and the Selling Agent consider appropriate for dissemination in Canada.

10. The Selling Agent will send the Teaser and NDA to all Known Potential Bidders, the Selling Agent’s proprietary list of investors, the Selling Agent’s global network and third-party local brokerages, and any other party responding to the Notice or the Press Release, as soon as reasonably practicable after such request or identification, as applicable.

11. The Selling Agent will send the CIM and grant access to the Data Room to those parties who have executed and delivered an NDA to the Receiver, as soon as reasonably practicable after such request or identification, as applicable.

12. Requests for information and access will be directed to the Selling Agent or such other representatives as designated by the Receiver, at the contact information listed in Schedule “A” hereto. All printed information shall remain the property of the Receiver and, if requested by the Receiver, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.

13. Any party who expresses a wish to participate in the Sales Process (a “Potential Bidder”) must, prior to being given any additional information such as the CIM and access to the Data Room, have provided or made available to the Receiver:

a) An NDA executed by it, and a letter setting forth the identify of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the direct and indirect principals of the Potential Bidder; and

b) If requested by the Receiver, such form of financial disclosure and credit quality support or enhancement that allows the Receiver to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Binding Offer, as applicable.

14. If, in the opinion of the Receiver, acting reasonably, a Potential Bidder has delivered the documents contemplated in paragraph 13 above, then such Potential Bidder will be deemed to be a "Phase I Qualified Bidder". No Potential Bidder shall be deemed to be a Phase I Qualified Bidder without the approval of the Receiver.

Due Diligence

15. The Receiver and the Selling Agent shall, in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials through the Data Room and information relating to the Sales Process as they deem appropriate. Due diligence access may further include presentations, on-site inspections, and other matters which a Qualified Bidder may reasonably request and to which the Receiver, in its reasonable business judgment, may agree. The Selling Agent will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Selling Agent nor the Receiver will be obligated to furnish any information relating to the Petro West Property to any person other than to Qualified Bidders.

OFFER SUBMISSION AND EVALUATION STAGE

Phase I: Non-Binding LOI Submission Phase

16. At any time prior to the Phase I Bid Deadline (as defined below), the Receiver may, in its reasonable business judgment, eliminate a Phase I Qualified Bidder from the Sales Process, in which case such bidder will no longer be a Phase I Qualified Bidder for purposes of the Sales Process.

17. Potential Bidders must rely solely on the own independent review, investigation and/or inspection of all information and of the Petro West Property in connection with their participation in the Sales Process and any transaction they enter into with the Receiver.

18. Phase I Qualified Bidders who advise the Receiver or the Selling Agent that they wish to submit a non-binding offer for the purchase of the Petro West Property will be provided with a copy of the Non-Binding LOI form.

19. A Phase I Qualified Bidder interested in submitting a non-binding offer for the purchase of the Petro West Property must deliver a Non-Binding LOI to the Receiver at the address specified in Schedule "A" attached hereto (including by email), so as to be received by the

Receiver by no later than 12:00 P.M. (Calgary time) on March 23, 2020 (the “Phase I Bid Deadline”).

20. A Non-Binding LOI submitted to the Receiver will be considered a qualified LOI (a “Qualified LOI”) only if:

    a) It is submitted on or before the Phase I Bid Deadline by a Phase I Qualified Bidder;

    b) The Qualified LOI identifies or contains the following:

        i. The purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Phase I Qualified Bidder and key assumptions supporting the valuation of the Petro West Property;

        ii. A description of the property subject to the transaction, including whether any obligations of Petro West in respect of the Petro West Property are excluded;

        iii. A specific indication of the financial capability, together with evidence of such capability, of the Phase I Qualified Bidder and the expected structure and financing of the transaction;

        iv. A description of the conditions and approvals required prior to submitting a Binding Offer;

        v. An outline of any additional due diligence required to be conducted in order to submit a Binding Offer; and

        vi. Any other terms or conditions that the Phase I Qualified Bidder believes are material to the transaction; and

    c) It contains such other information as reasonably requested by the Receiver and/or the Selling Agent from time to time.

21. The Receiver and the Selling Agent may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of a transaction for the purchase of the Petro West Property shall be subject to approval of the Court, and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase I Non-Binding LOIs and Subsequent Process

22. Following the Phase I Bid Deadline, the Receiver and the Selling Agent will assess the Qualified LOIs. If it is determined by the Receiver and the Selling Agent that a Phase I Qualified Bidder that has submitted a Qualified LOI (i) has a bona fide interest in completing a transaction for the purchase of the Petro West Property, and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial and other information provided, then such Phase I Qualified Bidder will be deemed a “Phase II

Qualified Bidder", provided that the Receiver and the Selling Agent may, in their reasonable business judgment, limit the number of Phase II Qualified Bidders (and thereby eliminate some Phase I Qualified Bidders from the process). Only Phase II Qualified Bidders shall be permitted to proceed to Phase II of the Sales Process. No Phase I Qualified Bidder that has submitted a Qualified LOI shall be deemed to be a Phase II Qualified Bidder without the approval of the Receiver.

23. The Receiver and the Selling Agent will prepare a bid process letter for Phase II (the "Bid Process Letter"), which will include the Template PSA. The Bid Process Letter will be sent to all Phase II Qualified Bidders who are invited to participate in Phase II.

Phase II: Formal Offers and Selection of Successful Bidder

24. Paragraphs 25 – 33 below and the conduct of bidding in Phase II are subject to paragraphs 19 – 21 above, and any adjustments made to Phase II in accordance with the Bid Process Letter and any further Court order regarding the Sales Process.

Binding Offers

25. Phase II Qualified Bidders that wish to make a formal offer to purchase the Petro West Property shall submit to the Receiver a sealed Binding Offer that complies with all of the following requirements at the address specified in Schedule "A" attached hereto (including by email or fax transmission), so as to be received by no later than 12:00 P.M. (Calgary time) on April 13, 2020, or such other date and time as may be modified and set out in the Bid Process Letter (the "Phase II Bid Deadline").

   a) The Binding Offer shall comply with all of the requirements set forth in respect of Qualified LOIs;

   b) Cash is the preferred form of consideration, but if the Binding Offer utilizes other consideration, a description of the material terms of the consideration shall be provided;

   c) The Binding Offer is an offer to purchase the Petro West Property on terms and conditions reasonably acceptable to the Receiver;

   d) Unless otherwise agreed to, the Binding Offer shall take the form of the Template PSA and shall include a letter stating that the Phase II Qualified Bidder's Binding Offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase II Qualified Bidder is selected as the Successful Bidder, its Binding Offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

   e) The Binding Offer includes duly authorized and executed transaction agreements as set out in the Template PSA, including, but not limited to, the purchase price and any other key economic terms expressed in Canadian dollars (the "Purchase Price"), together with all exhibits and schedules thereto, and the name or names of the ultimately beneficial owner(s) of the Phase II Qualified Bidder, including their respective percentage ownership interest(s);

f) To the extent that a Binding Offer is conditional upon new or amended agreements being entered into with other parties, the interested parties shall provide the proposed terms of such amended or new agreements and identify how such agreements may differ from existing agreements to which Petro West may be a party. A Phase II Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in a Binding Offer, the likelihood of satisfying such conditions shall be an important factor in evaluating the Binding Offer;

g) The Binding Offer includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow the Receiver to make a determination as to the Phase II Qualified Bidder's financial and other capabilities to consummate the proposed transaction;

h) The Binding Offer shall not be conditioned on the outcome of unperformed due diligence by the Phase II Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or sensitive information which was withheld in Phase II from the Phase II Qualified Bidder;

i) Each Phase II Qualified Bidder must provide with its Binding Offer details regarding its ability to obtain a method of financing the proposed transaction, the timetable for obtaining financing and, if appropriate, the amount of senior debt, subordinated debt, equity and any other source of financing contemplated in the pro forma capital structure;

j) The Binding Offer fully discloses the identity of each entity that will be entering into the transaction or the financing, of that is participating or benefiting from such Binding Offer;

k) The Binding Offer includes a commitment by the Phase II Qualified Bidder to provide a refundable deposit in the amount of not less than 10% of the Purchase Price offered, upon such Phase II Qualified Bidder being selected as the Successful Bidder, which shall be paid to the Receiver in trust (the "Deposit"). One half of the Deposit shall be paid to the Receiver in trust upon submission of a Binding Offer by a Phase II Qualified Bidder. The second half of the Deposit shall be submitted upon the Phase II Qualified Bidder being selected as the Successful Bidder. The Successful Bidder's Deposit shall be applied as against the Purchase Price, and all other Deposits submitted by Phase II Qualified Bidders who are not selected as the Successful Bidder shall be returned within one week of obtaining Court approval for the Successful Bid;

l) The Binding Offer includes acknowledgements and representations of the Phase II Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Petro West Property and Petro West, prior to making its Binding Offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase II from the Phase II Qualified Bidder); (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/of the Petro West Property in making its Binding Offer; and (iii) it did not rely upon any written or oral statements, representations, warranties or guarantees whatsoever made by the Receiver and/or the Selling Agent, whether expressed, implied, statutory or otherwise, regarding the Petro West Property or Petro West or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement executed between such Phase II Qualified Bidder and the Receiver;

m) All required corporate approvals of the Phase II Qualified Bidder will have been obtained prior to the submission of a Binding Offer;

n) The Binding Offer shall identify all material conditions in favour of the Phase II Qualified Bidder to be resolved prior to closing a transaction;

o) The Binding Offer is received by the Phase II Bid Deadline; and

p) The Binding Offer contemplates a schedule for closing the transaction set out therein which is on or before May 15, 2020 (the "Closing Date").

26. Following the Phase II Bid Deadline, the Receiver and the Selling Agent will assess the Binding Offers received. The Receiver will designate the most competitive bids that comply with the foregoing requirements to be "Qualified Binding Offers". No Phase II bids received shall be deemed to be a Qualified Binding Offer without the approval of the Receiver. Only Phase II Qualified Bidders whose bids have been designated as Qualified Binding Offers are eligible for selection as the Successful Bidder.

27. The Receiver and the Selling Agent may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Binding Offer in Phase II.

28. The Receiver and/or the Selling Agent shall notify each Phase II Qualified Bidder in writing as to whether its Binding Offer constituted a Qualified Binding Offer within ten (10) business days of the Phase II Bid Deadline, or such later time as deemed appropriate by the Receiver.

29. If the Receiver is not satisfied with the number or terms of the Qualified Binding Offers received in Phase II, the Receiver may extend the Phase II Bid Deadline or seek Court approval of an amendment to the Sales Process.

30. The Receiver may terminate, at any time, further participation in Phase II of the Sales Process by any interested party, or modify dates or procedures as deemed appropriate or necessary, or to terminate the Sales Process in its entirety.

Evaluation of Qualified Binding Offers

31. A Qualified Binding Offer submitted to the Receiver in Phase II of the Sales Process will be evaluated based upon several factors, including, without limitation, items such as the Purchase Price and the net value and form of consideration to be paid, the identity, circumstances and ability of the Phase II Qualified Bidder to successfully complete a

transaction for the purchase of the Petro West Property, including any conditions attached to the Qualified Binding Offer and the expected feasibility of such conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded in the Qualified Binding Offer, any related restructuring costs, and the ability of the Phase II Qualified Bidder to finance and ultimately consummate the proposed transaction within the timelines established by the Receiver and set out in this Sales Process.

Selection of Successful Bid

32. The Receiver and the Selling Agent: (i) will review and evaluate each Qualified Binding Offer, and the applicable Phase II Qualified Bidder, and such Qualified Binding Offer may be amended, modified or varied as a result of any negotiations between the Receiver and the Phase II Qualified Bidder, (ii) identify the highest or otherwise best Qualified Binding Bid (the "Successful Bid"), and the Phase II Qualified Bidder making such Successful Bid (the "Successful Bidder"). The determination of any Successful Bid by the Receiver shall be subject to approval by the Court.

33. The Receiver shall have no obligation to enter into a Successful Bid and reserves the right to reject any or all Qualified Binding Offers submitted in Phase II.

Sale Approval Motion Hearing

34. At the hearing of the motion to approve a transaction with any Successful Bidder for the purchase of the Petro West Property, the Receiver shall seek, among other things, approval from the Court to consummate any Successful Bid. All of the Qualified Binding Offers other than the Successful Bid, if any, shall be deemed to be rejected by the Receiver on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

35. Participants and prospective participants in the Sales Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase I Qualified Bidders, Non-Binding LOIs, Phase II Qualified Bidders, Qualified Binding Offers, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver, the Selling Agent and such other bidders in connection with the Sales Process.

Supervision of the Sales Process

36. The Receiver and the Selling Agent will supervise in the Sales Process in the manner set out herein and are entitled to receive all information in relation to the Sales Process.

37. The Sales Process does not and will not be interpreted to create any contractual or other legal relationship between the Receiver, the Selling Agent and any Phase I Qualified Bidder or Phase II Qualified Bidder, other than as specifically set forth in a definitive agreement that may be executed by the Receiver and subject to the approval of this Court.

38. Without limiting the preceding paragraph whatsoever, the Receiver and the Selling Agent shall not have any liability whatsoever to any person or party, including, without limitation, any Potential Bidder, Phase I Qualified Bidder, Phase II Qualified Bidder, the Successful Bidder, or any other creditor or stakeholder of the Petro West Property or Petro West, for any act or omission related to the process contemplated by this Sales Process, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Receiver and/or the Selling Agent. By submitting a bid, each Phase I Qualified Bidder, Phase II Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver and/or the Selling Agent for any reason whatsoever, except to the extent such claim is the result from gross negligence or willful misconduct of the Receiver and/or the Selling Agent.

39. Participants in the Sales Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Non-Binding LOI, Qualified Binding Offer, due diligence activities and any further negotiations or such actions, whether or not they lead to the consummation of a transaction.

40. The Receiver shall have the right to modify the Sales Process and the deadlines set out herein (including, without limitation, pursuant to the Bid Process Letter) if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sales Process.

SCHEDULE "A"

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