COURT FILE NUMBER	2001-05949
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	ERNST & YOUNG INC., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of BOS Solutions Ltd., BOS Solutions Inc., BOS LeaseCo LLC, BOS Solutions Real Estate Inc., and BOS USHoldCo Inc.
PROCEEDING	IN THE MATTER OF THE RECEIVERSHIP OF BOS SOLUTIONS LTD., BOS SOLUTIONS INC., BOS LEASECO LLC, BOS SOLUTIONS REAL ESTATE INC., and BOS USHOLDCO INC.
DOCUMENT	**FIRST REPORT OF ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER** **June 22, 2020**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>**RECEIVER**</u> ERNST & YOUNG INC. 1000, 440 – 2nd Avenue S.W. Calgary, AB T2P 5E9 Peter Chisholm / Chris Keliher Telephone: (403) 206-5061 / (403) 206-5661 Email: peter.chisholm@ca.ey.com / christopher.keliher@ca.ey.com <u>**COUNSEL**</u> BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2nd Street SW Calgary, Alberta T2P 4J8 Attention: Kelly J. Bourassa / Amanda G. Manasterski Telephone: (403) 260-9697 / (403) 260-9756 Email: kelly.bourassa@blakes.com / amanda.manasterski@blakes.com

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APPENDICES

INTRODUCTION

1. Ernst & Young Inc. was appointed as Receiver and Manager (the "**Receiver**") of the property, assets and undertakings (the "**Property**") of BOS Solutions Ltd. ("**BOS Ltd.**"), BOS Solutions Inc. ("**BOS Inc.**"), BOS LeaseCo LLC ("**BOS LeaseCo**"), BOS Solutions Real Estate Inc. ("**BOS Real Estate**"), and BOS USHoldCo Inc. ("**BOS HoldCo**") (these companies are collectively referred to as the "**BOS Debtors**") pursuant to an Order (the "**Receivership Order**") of this Honourable Court dated May 4, 2020 (the "**Appointment Date**").

2. Attached hereto as **Appendix "A"** is an organizational chart for the BOS Debtors. The organizational chart includes additional subsidiary corporations that are not subject to the Receivership Order.

3. The Receivership Order authorized the Receiver, among other things, to carry on the business of the BOS Debtors, to sell, convey, transfer lease or assign the Property out of the normal course of business, subject to approval of this Honourable Court for any transactions exceeding $250,000 or aggregate multiple transactions exceeding $1,000,000, and to make such arrangements or agreements as deemed necessary by the Receiver.

4. On May 5, 2020, the Receiver obtained a temporary restraining order in the United States Bankruptcy Court for the Southern District of Texas (Houston Division) (the "**US Court**") in Case No. 20-32465 (DRJ), granting a stay of proceedings concerning the BOS Debtors and the Receiver, in its capacity as a foreign representative of the BOS Debtors.

5. On May 19, 2020, the US Court also granted the Receiver's Expedited Petition for Recognition as a Foreign Main Proceeding and recognized the Receiver as the Foreign Representative.

6. The purpose of this first report (the "**First Report**") of the Receiver is to provide this Honourable Court with the Receiver's update on:

   a) The activities of the Receiver since the Receivership Date, including a statement of receipts and disbursements for the period of the Receivership Date to June 18, 2020;

   b) A sale solicitation process proposed by the Receiver to solicit offers from parties interested in acquiring the Property (the "**Sales Process**"), and attached hereto as **Appendix "B"**; and

c) The Receiver's recommendation with respect to same.

TERMS OF REFERENCE

7. Capitalized terms not defined in this First Report are as defined in the Receivership Order.

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

BACKGROUND

9. The BOS Debtors provide liquids-solids separation services in Canada and the United States. Such services are provided to the oilfield services industry and to other industrial undertakings including supporting large-scale construction projects.

10. BOS Ltd. operates in Canada and owns the majority of the BOS Debtors' equipment. BOS Inc. operates in the United States and leases its specialized liquids-solids separation equipment from BOS Ltd.

11. As at the Receivership Date, the BOS Debtors conducted operations out of three offices in Canada (two in Alberta, one in Ontario) and five offices in the United States (two field offices in Texas, one field office in each of North Dakota and Pennsylvania, and a corporate office in Houston, Texas). The Debtors had approximately 20 employees in Canada (who are employed by BOS Ltd.) and approximately 181 employees in the United States (who are employed by BOS Inc.).

12. The BOS Debtors owed approximately USD$38.0 million and CAD$6.1 million to a syndicate of Canadian financial institutions (the "**Syndicate**"), led by National Bank of Canada ("**NBC**") as administrative agent and a member of the Syndicate.

13. The BOS Debtors encountered financial difficulties as a result of the decline in global oil and gas prices and the corresponding reduction in drilling activities by exploration and production companies.

14. For additional background on the BOS Debtors, please refer to the Receiver's website, www.ey.com/ca/bossolutions.

ACTIVITIES OF THE RECEIVER

15. The various steps the Receiver has taken to date to affect custody and control of the BOS Debtors and control of its operations in Canada and the United States are set out below.

Custody & Control

16. The Receiver completed site visits at locations controlled by the BOS Debtors in Canada (Grand Prairie & Leduc) and key locations in the United States, including the BOS Debtors' head office in Houston, Texas, for the purpose of verifying and securing assets controlled by the BOS Debtors. The Receiver has completed detailed inventories of the BOS Debtors' fleet of equipment. Due to travel restrictions arising from the COVID-19 pandemic, the Receiver was required to contract restructuring resources from Ernst & Young US LLP's office in Houston, Texas to attend at the BOS Debtors' locations in Texas.

17. The Receiver has reviewed and continued all of the BOS Debtors' insurance policies, with the exception of the BOS Debtors' directors & officers' insurance policy;

18. The Receiver opened trust accounts with NBC in Canada and coordinated with HSBC Bank USA and Wells Fargo to provide the Receiver with continued access to the BOS Debtors' bank accounts in the United States and credit cards which are required for maintaining operations. The Receiver placed a stop payment on all cheques outstanding as at the Receivership Date and implemented a freeze on all automatic withdrawals from the BOS Debtors' bank accounts.

19. The Receiver, in consultation with the BOS Debtors' finance team, developed a listing of high-risk accounts receivable where the Receiver is working with its Canadian and US counsel to file liens against those customers' projects to enhance the Receiver's ability to collect accounts receivable.

20. The Receiver contracted with a third-party IT consulting firm to preserve and protect the BOS Debtors' IT Infrastructure and back-up the BOS Debtors' accounting system for the Receiver. The Receiver anticipates net savings by using this external consultant.

Ongoing Operations

21. The Receiver conducted extensive meetings and review with management, operations and finance personnel to evaluate the go-forward viability of the BOS Debtors' active projects as at

the Receivership Date. This analysis concluded that the Receiver continuing all of the active projects as at the Receivership Date would enhance the collectability of accounts receivable owed from customers and the saleability of the BOS Debtors' business as a going concern.

22. Furthermore, the Receiver, in consultation with the BOS Debtors, developed a detailed analysis of prospective opportunities in both the oil & gas and environmental solutions divisions, risk weighted to account for potential success rates for future bidding which is being utilized to evaluate future projects and provide insight of future revenue and income opportunities to prospective purchasers of the Property of the BOS Debtors.

23. In consultation with management, the Receiver has developed and implemented cost-cutting measures including rightsizing of the BOS Debtors' workforce. The BOS Debtors' had 201 employees in Canada and the United States as at the Receivership Date and, as at the date of this First Report, total employees are 122. Employee terminations have occurred at all levels of the BOS Debtors, including the executive level. The Receiver continues to analyze the BOS Debtors' business, including its active projects, and will continue to review headcount required to service those projects.

24. The Receiver, in consultation with the BOS Debtors' management, also opened the BOS Debtors' head office and regional offices, effective 11 May 2020, with limited essential staff, in accordance with local, state, provincial, and federal regulation.

Receiver's Notice to Creditors

25. The Receiver mailed the Receiver's Notice and Statement in accordance with sec. 245 and sec. 246 of the *Bankruptcy and Insolvency Act* on May 13, 2020 to creditors of the BOS Debtors as at May 4, 2020. Notice of the Receiver's Chapter 15 Proceedings was also given to all known creditors in the United States in conjunction with the Receiver's application for recognition.

Review of Syndicate's Security

26. The Receiver understands the Syndicate is the BOS Debtors' primary secured creditor and holds general security over all of the Property. The Receiver's Canadian and US legal counsel are undertaking a review of the Syndicate's security for the purpose of advising the Receiver in respect of the Syndicate's security.

Statement of Receipts and Disbursements

27. The following is a summary of the receipts and disbursements of the BOS Debtors' since the Receivership Date to June 18, 2020 (the **"Reporting Period"**):

BOS Solutions Inc. et al.
Statement of Receipts and Disbursements
Consolidated[a]
May 4, 2020 to June 18, 2020
CAD $, *unaudited*

	Ref	Notes	
Opening cash balance	*A*		1,390,376
Receiver's Borrowings	*B*	*b*	2,500,000
Receipts			
Operating receipts		*c*	10,566,033
Miscellaneous refunds			37,382
Total receipts	*C*		10,603,415
Disbursements			
Operating costs		*d*	(1,283,277)
Salaries and benefits		*e*	(2,640,680)
Selling, general and administrative		*d*	(109,681)
Rent		*d*	(227,040)
Federal and state taxes			(38,324)
Insurance		*e*	(465,246)
Interest and bank charges			(39,104)
Total disbursements	*D*		(4,803,352)
Ending cash balance	*A+B+C+D*		9,690,439

28. Notes to the Receiver's statement of receipts and disbursements are as follows:

a) The Receiver has bank accounts denominated in Canadian and American dollars. For purposes of developing a consolidated statement of receipts and disbursements in Canadian dollars, the Receiver has applied a USD/CAD exchange rate of 1.3555 where applicable;

b) The Receiver borrowed $2.5 million (the "**Receiver's Borrowings**") by way of a Receiver's Certificate to fund the Receivership operations. To date, the Receiver has not been required to use the Receiver's Borrowings due to the continued collection of accounts receivable. The Receiver expects to repay the Receiver's Borrowings in full;

c) The Receiver has collected approximately $10.6 million from accounts receivable and refunds outstanding as at the Receivership Date;

d) The Receiver has disbursed approximately $1.6 million (comprised of operating costs, selling, general and administrative costs, and office rent) associated with the continued operation of BOS Debtors' business and ongoing maintenance;

e) The Receiver has disbursed salaries and employee benefits of approximately $2.6 million including settlement of pre-Receivership Date salaries and wages in accordance with the Receivership Order; and

f) The Receiver has disbursed approximately $0.5 million in relation to commercial, environmental, medical and property insurance premiums.

SALES PROCESS

Background of the Sales Process

29. In November 2019, prior to the appointment of the Receiver, the BOS Debtors underwent a broad sales process (the "**Initial Sales Process**") with Raymond James & Associates Inc. ("**Raymond James**") acting as the sale advisor. In March 2020, the BOS Debtors were negotiating a purchase and sale agreement (the "**Initial Draft PSA**") to sell the business of the BOS Debtors to a prospective purchaser arising from the Initial Sales Process. The proceeds to be paid pursuant to the Initial Draft PSA were expected to be sufficient to fully satisfy the indebtedness owing to the Syndicate.

30. During Initial Draft PSA negotiations, the BOS Debtors' business was negatively affected by COVID-19 and the global oil price decline and as a result, the prospective purchaser revised its purchase price downwards. The revised purchase price was not acceptable to the BOS Debtors and the Initial Sales Process was effectively concluded in early April 2020.

31. Given that the BOS Debtors recently completed the Initial Sales Process, the Receiver requested a marketing proposal from Raymond James for a remarketing of the BOS Debtors' assets as well as marketing proposals from three other mergers & acquisitions advisory firms that specialize in selling oilfield service companies.

32. The Receiver reviewed the marketing proposals with the Syndicate and concluded to retain Ernst & Young Orenda Corporate Finance Inc. (the "**Sale Advisor**") to act as selling agent. The Sale Advisor has extensive experience selling similar oilfield service businesses and has personnel in both Calgary, Alberta and Houston, Texas. The Sale Advisor's proposal and fee structure was deemed to be most favourable.

33. The Receiver and Sale Advisor developed the Sales Process with a view to enhancing the value of the Property for the benefit of the BOS Debtors' stakeholders. As part of the Sales Process, the Receiver sought input from the Syndicate, the BOS Debtors' major secured lender, as to its intentions with respect to its security and overall position.

Overview of the Sales Process

34. The Sales Process is attached as Appendix "**B**". An overview of the significant steps in the Sales Process are set out below:

a) A non-confidential teaser letter prepared by the Receiver, in consultation with the Sale Advisor, (the "**Teaser**") describing the Sales Process will be made available by the Sale Advisor to prospective purchasers and will be posted on the Receiver's website as soon as practicable following Court approval of the Sales Process;

b) Advertisement of the Sales Process placed in the *Daily Oil Bulletin, Calgary Herald and Houston Chronicle* as well as the issuance of a press release describing the Sales Process to the Canadian Newswire and major financial centres in the United States as soon as reasonably possible;

c) All potential bidders that have executed a non-disclosure agreement ("**Qualified Bidder**") will be provided with a template form of asset purchase agreement, confidential information summary ("**CIS**") describing the Property, access to an electronic data room, and access to any further due diligence materials as deemed appropriate by the Receiver and Sale Advisor;

d) The deadline for receipt, by the Receiver, of final binding proposals ("**Final Bid**") in the form of an asset purchase agreement is 12:00 p.m. Calgary time on July 17, 2020 ("**Final Bid Deadline**"); and

e) Immediately following the Final Bid Deadline, the Receiver will review the Final Bids, in consultation with the Selling Agent and the Syndicate, to select the successful bid.

RECOMMENDATION

35. The Receiver has reviewed the Initial Sales Process and concluded that the Initial Sales Process was broad and included most parties that would be interested in acquiring the BOS Debtors. As the market is familiar with the opportunity to acquire the business of the BOS Debtors, the Receiver is of that view that prospective purchasers can evaluate the opportunity to acquire the Property of the BOS Debtors and complete due diligence within a five-week period.

36. The Receiver developed the Sales Process with input from the Sale Advisor, a mergers & acquisitions advisor with extensive experience and knowledge advising on cross-border oilfield service transactions in Western Canada and the United States. The Sales Process is supported by the Syndicate, the BOS Debtors' primary secured creditor, and will allow the Receiver to market all of the BOS Debtors' Property for sale for the benefit of the BOS Debtors' stakeholders.

37. Additionally, the Receiver is of the opinion that a sale of the Property will enhance the stability of the BOS Debtors' operations as it will provide assurance to customers and employees that the business will continue as a going-concern subsequent to these receivership proceedings. Therefore, the Receiver and Sale Advisor launched the Sales Process on June 17, 2020, prior to obtaining the approval of this Honourable Court, and the Receiver is seeking retroactive approval of the Sales Process.

38. In the event that this Honourable Court grants an Order approving the Sales Process, the Receiver shall seek recognition of the Order in the US Court.

39. Based on the foregoing, the Receiver recommends that this Honourable Court approve the Sales Process.

All of which is respectfully submitted this 22nd day of June, 2020.

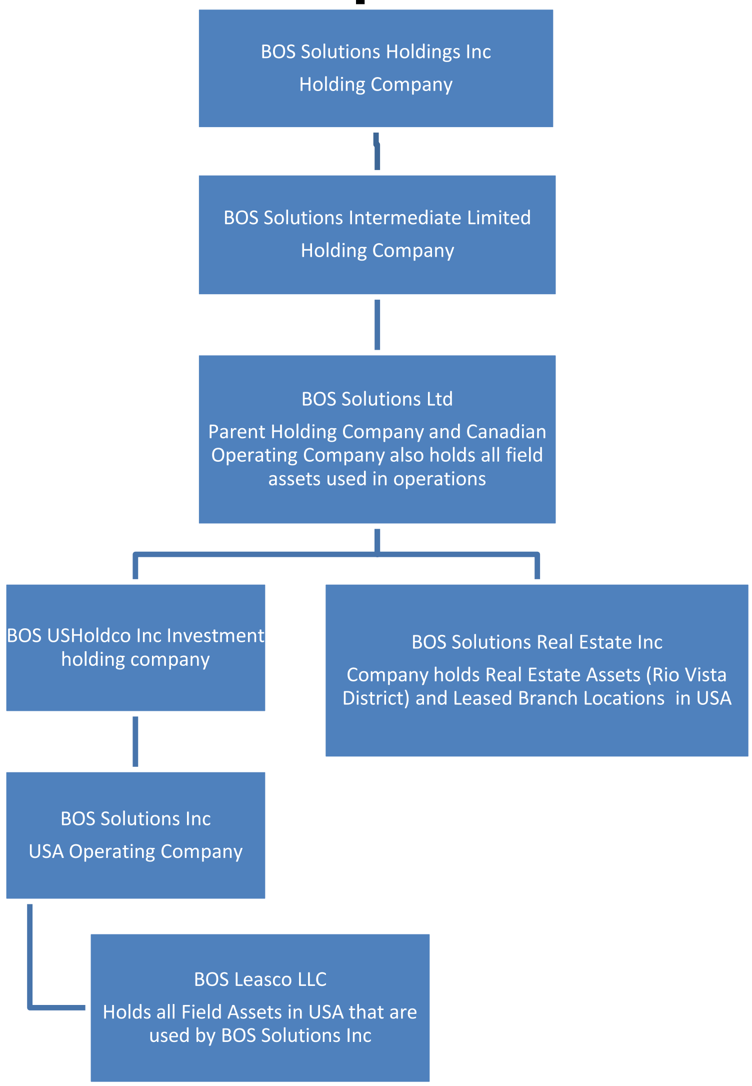
ERNST & YOUNG INC.
in its capacity as Court Appointed
Receiver of the BOS Debtors

Peter Chisholm, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX A

BOS Debtors' Organizational Chart

BOS Solutions Ltd. Group of Companies



APPENDIX B

Sales Process

BOS Solutions Ltd., BOS Solutions Inc., BOS LeaseCo LLC, BOS Solutions Real Estate Inc., and BOS USHoldCo Inc. - Sale Solicitation Process

1. On May 4, 2020, the Alberta Court of Queen's Bench (the "**Court**") made an order (the "**Receivership Order**") appointing Ernst & Young Inc. ("**E&Y**") as Receiver and Manager (the "**Receiver**") of the property, assets, and undertakings (the "**Property**") of BOS Solutions Ltd. ("**BSL**"), BOS Solutions Inc. ("**BSI**"), BOS LeaseCo LLC ("**BOS LeaseCo**"), BOS Solutions Real Estate Inc. ("**BOS Real Estate**"), and BOS USHoldCo Inc. ("**BOS USHoldco**") (collectively, the "**BOS Debtors**").

2. On May 5, 2020, the Receiver obtained a temporary restraining order in the United States Bankruptcy Court for the Southern District of Texas (Houston Division) (the "**US Court**") in Case No. 20-32465 (DRJ), granting a stay of proceedings concerning the BOS Debtors and the Receiver, in its capacity as a foreign representative of the BOS Debtors.

3. On May 19, 2020, the US Court also granted the Receiver's Expedited Petition for Recognition as a Foreign Main Proceeding and recognized the Receiver as the Foreign Representative.

4. The Receiver is requesting the Court's approval of the engagement of Ernst & Young Orenda Corporate Finance Inc. as the sale advisor for the assets of the BOS Debtors and approval of the sale solicitation process (the "**Sale Process**") set forth herein at an application before the Court scheduled on July 2**,** 2020 (the "**Sale Process Order**").

5. The Receiver will apply for an order of the US Court recognizing the Sale Process Order at an application before the US Court.

6. Set forth below are the procedures (the "**Sale Process Procedure**") to be followed with respect to the Sale Process to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

Defined Terms

7. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Receivership Order. In addition, in these Sale Process Procedures:

   "**Business**" means the business being carried on by the BOS Debtors;

   "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary;

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

   "**Lenders**" means National Bank of Canada and those other banks and financial institutions from time to time party to the Amended and Restated Credit Agreement, dated as of September 14, 2018;

   "**Offer**" means a credible, reasonably certain and financially viable offer for acquisition of the Property;

   "**Process Letter**" means the letter addressed to prospective bidders from the Sale Advisor setting out timing and instructions with respect to the process to solicit a binding bid for the acquisition of the Property;

"**Property"** means the undertakings, property and assets of the BOS Debtors or any portion thereof;

"**Receivership Charges**" means the charges created by the Receivership Order, including a charge to the maximum aggregate amount of CDN$1,000,000 as security for the fees and disbursements of the Receiver and counsel to the Receiver, and a charge to secure the Receiver's borrowings up to a maximum principal amount of CDN$2,500,000, in each case except as may be increased by further order of the Court;

"**Receivership Obligations**" means the indebtedness, liabilities and obligations secured by the Receivership Charges;

"**Sale Advisor**" means Ernst & Young Orenda Corporate Finance Inc.

"**US Court**" means the United States Bankruptcy Court for the Southern District of Texas (Houston Division).

Sale Process Procedure

8. The Sale Process Procedure set forth herein describes, among other things, the Property and the Business available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Business, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the approval thereof by the Court and the US Court. The Receiver intends to use the Sale Advisor to administer the Sale Process Procedure. In the event that there is disagreement as to the interpretation or application of this Sale Process Procedure, the Court will have jurisdiction to hear and resolve such dispute.

9. The Receiver will use its reasonable efforts to complete the Sale Process Procedure in accordance with the timelines as set out herein. The Sale Advisor, upon receiving instruction from the Receiver, in consultation with the Lenders, shall be permitted to make such adjustments to the timeline that it determines are reasonably necessary.

10. The Receiver shall provide the Lenders and their respective legal and financial advisors, on a confidential basis, with such additional information and disclosures regarding the Sale Process (such as Qualified Bidders, Qualified Bids, Successful Bids, and Successful Bidders) as they may request.

Timeline

11. The following table sets out key milestones and anticipated deadlines for the Sale Process.

Milestone	**Date**
Provide Confidential Information Summary and launch Virtual Data Room	June 17, 2020
Management Meetings and Site Visits	June 18-July 10, 2020
Sale Process Order Application – Court of Queen’s Bench of Alberta	July 2, 2020

Sale Process Recognition Order Hearing – Bankruptcy Court for the Southern District of Texas	July 7, 2020
Serve Notice of Potential Assumption and Assignment of Contracts with Associated Cure Amounts	July 7, 2020
Binding Bid Deadline	July 17, 2020
Deadline to File Notice of Selection of Successful Bidder	August 3, 2020
Deadline to Object to Assumption and Assignment of Contracts, Including Proposed Cure Amounts and Adequate Assurance of Buyer's Future Performance of Contract	August 5, 2020
Sale Approval and Vesting Order Application – Canada	August 14, 2020
Sale Approval and Vesting Order Recognition Hearing – US	August 18, 2020
Targeted Transaction Closing	August 21, 2020

Purchase Opportunity

12. A non-confidential teaser letter in a form satisfactory to the Receiver and prepared by the Sale Advisor (the "**Teaser**") describing the opportunity to acquire the Property and the Business will be made available by the Sale Advisor to prospective purchasers and will be posted on the Receiver's website as soon as practicable following the issuance of the order of the Court approving the Sale Process.

13. A Confidential Information Summary describing the opportunity to acquire the Property will be made available by the Sale Advisor to prospective purchasers that have executed a non-disclosure agreement with the Receiver, in a form satisfactory to the Receiver.

14. The Sale Advisor, with the assistance of the Receiver, will also populate an electronic data room with information that may include detailed financial information, asset listings, photographs, and other information deemed appropriate for prospective purchasers to perform due diligence on the Property and the Business.

"As Is, Where Is"

15. The sale of the Property and the Business will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver or any of its agents, including the Sale Advisor, except to the extent set forth in the relevant final sale agreement with a Successful Bidder.

Free of Any and All Claims and Interests

16. In the event of a sale, all of the right, title and interests of the BOS Debtors in and to the Property and the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there

against (collectively the "**Claims and Interests**"), such Claims and Interests will attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to an approval and vesting order made by the Court and recognized by the US Court, upon the application of the Receiver, except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

Publication of Notice and Teaser

17. As soon as reasonably practicable, the Sale Advisor shall cause a notice of the Sale Process contemplated by these Sale Process Procedures, and such other relevant information which the Sale Advisor, in consultation with the Receiver and the Lenders, considers appropriate, to be published in the *Daily Oil Bulletin, Calgary Herald*, and the *Houston Chronicle*.

18. At the same time, the Receiver shall issue a press release setting out the notice and such other relevant information which the Receiver, in consultation with the Lenders, considers appropriate with Canada Newswire, designating dissemination in Canada and major financial centers in the United States, and the Sale Advisor shall invite, pursuant to the Teaser, bids from interested parties.

Participation Requirements

19. Unless otherwise determined by the Receiver, in order to participate in the Sale Process, each person interested in bidding on the Property and the Business (a "**Potential Bidder**") must deliver to the Sale Advisor, with a copy to the Receiver, at the address specified in **Schedule "A"** hereto (the "**Notice Schedule**") (including by email or fax transmission), and prior to the distribution of any confidential information by the Sale Advisor to a Potential Bidder (including the Confidential Information Summary), an executed non-disclosure agreement in form and substance satisfactory to the Receiver, which shall inure to the benefit of any purchaser of the Property.

20. A Potential Bidder that has executed a non-disclosure agreement, as described above and who the Receiver determines, in consultation with the Lenders, acting reasonably, has a reasonable prospect of completing a transaction contemplated herein, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by the Sale Advisor.

Due Diligence

21. The Sale Advisor shall provide any person deemed to be a Qualified Bidder with a copy of the Confidential Information Summary and access to the electronic data room and the Sale Advisor shall provide to Qualified Bidders further access to such reasonably required due diligence materials and information relating to the Property and the Business as the Receiver deems appropriate, including on-site presentations by management of the BOS Debtors, facilitated by the Sale Advisor, and access to further information in the electronic data room. The Receiver makes no representation or warranty as to the information contained in the Confidential Information Summary or the information to be provided through the due diligence process or otherwise, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Receiver and approved by the Court and the US Court.

Seeking Qualified Bids from Qualified Bidders

22. A Qualified Bidder that desires to make a bid for the Property must deliver written copies of a final, binding proposal (the "**Final Bid**") in the form of a fully executed purchase and sale agreement together with a blackline to the template form of asset purchase and sale agreement to be provided by the Sale Advisor (the "**Template APA**"), with a copy to the Receiver, at the address specified in the schedule attached hereto (including by email or fax transmission) so as to be received no later than 12:00 p.m. prevailing Mountain Time on July 17, 2020 (the "**Final Bid Deadline**"), or such other date or time as may be agreed by the Receiver in consultation with the Lenders.

Qualified Bids

23. A Final Bid will be considered a Qualified Bid only if it is submitted by a Qualified Bidder and the Final Bid complies with, among other things, the following (a "**Qualified Bid**"):

(a) it contains

(i) a duly executed purchase and sale agreement;

(ii) a blackline of the executed purchase and sale agreement to the Template APA; and

(iii) a supplemental letter (as described in the Process Letter) outlining additional detail with respect to the proposed transaction not fully captured within the Template APA.

(b) it includes a letter stating that the Final Bid is irrevocable until there is a Selected Superior Offer (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its Final Bid shall remain an irrevocable offer until the proposed transaction set out in the Successful Bid is approved of by the Court and the US Court and the transaction is closed;

(c) it includes key economic terms and duly authorized and executed transaction documents as listed in the purchase and sale agreement. Such key economic terms shall include, but be not limited to, the purchase price, the identity of the party that will be entering into the transaction, or that is participating or benefiting from such transaction, and the name or names of the ultimate direct or indirect beneficial owner(s) of the Qualified Bidder, including their respective percentage interests;

(d) it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing and the expected structure and financing of the proposed transaction;

(e) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;

(f) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), or such other form of payment acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to 10% of the total consideration in the Qualified Bid to be held and dealt with in accordance with these Sale Process Procedures;

(g) it is not conditional upon:

(i) the outcome of unperformed due diligence by the Qualified Bidder, and/or

(ii) obtaining financing;

(h) it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);

(i) it includes acknowledgements and representations of the Qualified Bidder that:

(i) it has had an opportunity to conduct any and all due diligence regarding the Property and the Business prior to making its offer;

(ii) it understands that the Property includes only the BOS Debtors' rights, interest and obligations in relation to the Property;

(iii) it has relied solely on its own independent review, investigations or inspection of any documents and/or assets in making its bid; and

(iv) it did not rely upon any written or oral statements, representations, warranties, or guarantees made whatsoever by the Sale Advisors, the BOS Debtors, or the Receiver, whether express or implied, statutory or otherwise, regarding the Property or the Business or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction document(s) signed by the Receiver;

(j) it shall identify any material conditions in favour of the Qualified Bidder to be resolved prior to closing the transaction;

(k) it contains other information reasonably requested by the Receiver; and

(l) it is received by the Final Bid Deadline.

Acceptance of Best Qualified Bid

24. The Qualified Bids will be evaluated based on several factors, including, without limitation, the net value and form of consideration to be paid, the ability of the Qualified Bidder to successfully complete the transaction, including any conditions attached to the bid and the feasibility of such conditions, the proposed transaction documents, factors affecting the certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, compliance, eligibility or other matters with respect to regulatory authority requirements and/or approvals, the likelihood and timing of closing such transactions, and the ability of the bidder to finance and close the proposed transaction within the timelines established by the Receiver.

25. The Receiver will review and evaluate each Qualified Bid and identify the best bid (the "**Successful Bid**") and the Qualified Bidder making such Successful Bid (the "**Successful Bidder**").

26. The Receiver shall have no obligation to select a Successful Bid, and the Receiver reserves the right to reject any or all Qualified Bids.

Approval Motion and US Court Recognition

27. The Receiver shall apply to the Court (the "**Approval Motion**") for an order (the "**Sale Approval and Vesting Order**") approving the Successful Bid and authorizing the Receiver to enter into any and all necessary agreements with respect to the Successful Bidder, as well as an order vesting title to the Property in the name of the Successful Bidder.

28. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Receiver. The Approval Motion may be adjourned or rescheduled by the Receiver, in consultation with the Lenders, without further notice by an announcement of the adjourned date at the Approval Motion.

29. Following issuance of the Sale Approval and Vesting Order by the Court, the Receiver shall forthwith apply to the US Court for an order recognizing the Sale Approval and Vesting Order in the United States.

30. All Qualified Bids and Subsequent Bids (other than the Successful Bid) shall be deemed rejected on and as of the date and of approval of the Successful Bid by the Court and the US Court, but not before, and shall remain open for acceptance until that time.

Deposits

31. All Deposits shall be retained by the Receiver and invested in a non-interest bearing trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Sale Approval and Vesting Order is recognized by the US Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which the Sale Process is terminated in accordance with these procedures.

Approvals

32. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the applicable law in order to implement a Successful Bid.

Confidentiality and Access to Information

33. Unless otherwise set out herein, participants and prospective participants in the Sale 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, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver and such other bidders or Potential Bidders in connection with the Sale Process. The Receiver may, however, disclose such information to other bidders for the purpose of seeking to combine separate bids. Further, the Receiver may disclose such information to the Lenders in accordance with the terms of this Sale Process.

Supervision of Sale Process

34. The Receiver will participate in the Sale Process in the manner set out in this Sale Process and is entitled to receive all information related to the Sale Process.

35. This Sale Process does not, and will not be interpreted to create, any contractual or other legal relationship between the Receiver, the Sale Advisor, and any Potential Bidder, Qualified Bidder or any other party, except as specifically set forth in a definitive agreement among such parties as agreed to by the Receiver and approved by the Court.

36. Neither the Receiver nor the Sale Advisor shall have any liability whatsoever to any person or party, including any bidders described in this Sale Process, or any other creditor or stakeholder of the BOS Debtors, for any act or omission related to the Sale Process. By submitting a bid, each bidder shall be deemed to have agreed that it has no claim against the Receiver or Sale Advisor for any reason whatsoever.

37. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any bid, due diligence activities and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

No Amendment

38. Subject to paragraph 9, there shall be no amendments to these Sale Process Procedures, including, for greater certainty, the process and procedures set out herein, without the consent of the Receiver, in consultation with the Lenders.

39. The Receiver, in consultation with the Lenders, is authorized and empowered at any time to amend these Sale Process Procedures, including, for greater certainty, the process and procedures set out herein.

Further Orders

40. At any time during the Sale Process, the Receiver may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

SCHEDULE "A"

NOTICE SCHEDULE

TO THE RECEIVER:

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

Attention: Peter Chisholm, Partner & Senior Vice President / Christopher Keliher, Manager

Telephone: (403) 206-5061 / (403) 206-5661
Fax: (403) 290-4265
Email: peter.chisholm@ca.ey.com / christopher.keliher@ca.ey.com

TO THE SALE ADVISOR:

Ernst & Young Orenda Corporate Finance Inc.
Calgary City Centre
2200 – 215 2nd Street SW
Calgary, Alberta T2P 1M4

Attention: Shane Dunn, Senior Vice President / Alixandra Paris, Vice President

Telephone: (403) 206-5011 / (403) 206-5228
Fax: (403) 206-5075
Email: shane.dunn@ca.ey.com / alixandra.e.paris@ca.ey.com

WITH COPY TO:

Blake, Cassels & Graydon LLP
3500-855 2nd Street SW
Calgary, Alberta T2P 4J8

Attention: Kelly J. Bourassa / Amanda G. Manasterski

Telephone: (403) 260-9697 / (403) 260-9756
Fax: (403) 260-9700
Email: kelly.bourassa@blakes.com / amanda.manasterski@blakes.com