

KINGSLAND OIL CORP. in bankruptcy

SALE SOLICITATION PROCESS

INTRODUCTION

On January 5, 2024, Kingsland Oil Corp. (“**Kingsland**”) made an assignment in bankruptcy. BDO Canada Limited was appointed as the trustee (the “**Trustee**”) of the bankrupt estate of Kingsland (the “**Estate**”).

The Trustee intends to conduct a sale solicitation process (the “**SSP**”) to market and sell the oil and natural gas interests of Kingsland (the “**Property**”).

The Trustee has engaged Sayer Energy Advisors as its selling agent (in such capacity, the “**Selling Agent**”) to administer and carry out the marketing steps contemplated by the SSP.

This document outlines the SSP, which is comprised principally of the following stages: marketing, offer and evaluation.

OPPORTUNITY AND SSP SUMMARY

1. The SSP is intended to solicit interest in, and opportunities for a sale of all or part of the Kingsland’s Property (the “**Opportunity**”), which primarily consist of wells, facilities and other related oil and gas production assets located in Saskatchewan.
2. In order to maximize the number of participants that may have an interest in the Opportunity, the SSP will provide for the solicitation of interest for the sale of Kingsland’s interest in the Property. In particular, interested parties may submit proposals to acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”).
3. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Sale Proposal will be on an “*as is, where is*” basis and without surviving representations or warranties of any kind, nature, or description by the Trustee, its operational consultants or the Selling Agent and, in the event of a sale, all of the right, title and interest of Kingsland in and to the 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 orders, except as otherwise provided in such Court orders.
4. Solicitation of interest for Sale Proposals will be on an unpriced basis whereby no set asking price will be stipulated.
5. As described more fully in this SSP, the major stages in the SSP will be comprised of the following:
 - (a) Marketing: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and

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

PROPERTY & REGULATOR

6. Kingsland is the operator or has a working interest in the Property comprised of approximately 25 wells and 4 facilities.
7. The Ministry of Energy and Resources (“**MER**”) regulates oil and gas and related activities in Saskatchewan, including wells, facilities, oil refineries, natural gas processing plants, pipelines and oil and gas roads, through licenses, authorizations, orders, and regulations. Bidders will be required to be licensees in good standing with the MER, or to otherwise have or be in the process of obtaining eligibility to hold MER licenses, permits or approvals with respect to the Property.

TIMELINE

8. The following table sets out the key milestones under the SSP:

Milestone	Deadline
Launch Sales Process	March 25, 2024
Binding Offer Deadline	May 2, 2024
Finalize definitive agreement(s), Inspector approval and Closing Dates	May 3 – May 31, 2024

MARKETING STAGE

9. As soon as reasonably possible after launch date of March 25, 2024, the Selling Agent shall:
- (a) arrange for a notice of the SSP (and such other relevant information as the Selling Agent, in consultation with the Trustee, considers appropriate) (the “**Notice**”) to be published in the BOE Report and any other newspaper or journals as the Selling Agent, in consultation with the Trustee, considers appropriate, if any; and
- (b) send a teaser letter and a non-disclosure agreement (“**NDA**”) to all potential interested parties and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
10. Any party who expresses a wish to participate in the SSP (a “**Potential Bidder**”) must, prior to being given any additional information such as the confidential information memorandum (“**CIM**”) and access to the data room established by the Selling Agent (the “**Data Room**”), provide to the Selling Agent an executed NDA.

11. Requests for information and access to the Data Room will be directed to the Selling Agent, to the attention of the persons listed in **Schedule “A”** hereto. All printed information shall remain the property of the Trustee and, if requested by the Selling Agent or the Trustee, 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 information has been retained.

OFFER SUBMISSION AND EVALUATION STAGE

Due Diligence

12. The Selling Agent in consultation with the Trustee, subject to competitive and other business considerations, will afford each Potential Bidder access to due diligence materials through the Data Room and other information relating to the Property as it deems appropriate. Due diligence access may further include on-site inspections and other access or information which a Potential Bidder may reasonably request and to which the Selling Agent, with the approval of the Trustee, 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 Potential Bidders and the manner in which such requests must be communicated. Neither the Selling Agent nor the Trustee will be obligated to furnish any information relating to the Property to any person including Potential Bidders. Further and for the avoidance of doubt, selected due diligence materials may be withheld if the Trustee, in consultation with the Selling Agent, determines such information to represent proprietary or sensitive competitive information.

Submission of Binding Offers

13. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the SSP and any transaction they enter into with the Trustee.
14. Potential Bidders who advise the Selling Agent that they wish to submit an offer will be provided with a copy of a form of a purchase and sale agreement (the “**PSA**”) acceptable to the Trustee.
15. A Potential Bidder who wishes to pursue the Opportunity and make a binding offer must deliver an executed PSA, identifying each specific Property the Potential Bidder is interested in, to the Selling Agent at the addresses specified in Schedule “A” hereto (including by email or fax transmission), so as to be received by them not later than 12:00 PM (Calgary time) on or before May 2, 2024 (the “**Bid Deadline**”).
16. The PSA must comply with the following:
 - (a) it is submitted on or before the Bid Deadline by a Potential Bidder;
 - (b) it identifies or contains the following:

- (i) the purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Potential Bidder and key assumptions supporting the valuation. If a Potential Bidder wishes to acquire more than one Property, a price for each Property must be stipulated;
 - (ii) a description of each Property that is expected to be subject to the transaction and any of the Property or obligations for each Property expected to be excluded; and
 - (iii) a specific indication of the financial capability, together with evidence of such capability, of the Potential Bidder and the expected structure and financing of the transaction.
- (c) it contains a statement that the Potential Bidder is a licensee in good standing with the MER, or has eligibility to obtain or hold MER licenses, permits or approvals with respect to the Property or has submitted an application to the MER for license eligibility, and will have a Licensee Liability Rating of 1.0 or greater should the offer be accepted and the MER approve the transfer;
 - (d) the offer must be for cash and by a accompanied 10% deposit payable to “*BDO Canada Limited in trust*” (the “**Deposit**”) by way of bank draft or certified cheque. The Deposit will be applied to the purchase price of a Successful Bid upon closing. Deposits of unsuccessful Potential Bidders will be returned;
 - (e) the PSA must not be subject to any conditions other than approval by the Inspector of the Estate and at the discretion of the Trustee, the Court of King’s Bench for Saskatchewan (the “**Court**”), and the PSA must acknowledge that it is subject to Inspector and potentially Court approval;
 - (f) the bid contemplates a schedule for closing the transaction set out therein which is on or before May 31, 2024 (the “**Closing Date**”); and
 - (g) it contains such other information as reasonably requested by the Selling Agent or Trustee from time to time.
17. The Trustee may in its sole discretion waive any of the above conditions.
 18. If the Trustee is not satisfied with the number or terms of the PSA’s submitted, the Trustee, in consultation with the Selling Agent, may extend the Bid Deadline.
 19. The Trustee may terminate further participation in the SSP by any interested party, or modify dates or procedures in this SSP as deemed appropriate or necessary in its sole discretion, or terminate the process altogether.
 20. The Trustee may aggregate separate bids from unaffiliated Potential Bidders.

Evaluation of Competing Bids

21. The Trustee will review and evaluate each PSA and may negotiate PSA's with Potential Bidders as may be deemed appropriate in the sole discretion of the Trustee.
22. The Trustee shall have no obligation to accept a PSA and enter into a Transaction and reserves the right to reject any or all PSA's.

Inspector Approval / Sale Approval Hearing

23. The Inspector of the Estate is required to approve any transaction (the "Successful Bid").
24. Additionally, if deemed required or applicable at the sole discretion of the Trustee, the Trustee may also seek, among other things, approval from the Court to consummate any Successful Bid.

Confidentiality and Access to Information

25. Participants and prospective participants in the SSP 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, the details of any PSA's submitted or the details of any confidential discussions or correspondence between the Trustee and such other Potential Bidders in connection with the SSP. The Trustee may however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids.

Supervision of the SSP

26. The Trustee will participate in the SSP in the manner set out in this SSP and is entitled to receive all information in relation to the SSP.
27. This SSP does not, and will not be interpreted to create any contractual or other legal relationship between the Selling Agent, Inspector or the Trustee and any Potential Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Trustee and approved by the Court.
28. Without limiting the preceding paragraph, neither the Trustee, its operational consultants, the Inspector nor the Selling Agent shall have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Successful Bidder, or any other creditor or other stakeholder of Kingsland, for any act or omission related to the process contemplated by this SSP, except to the extent such act or omission is the result of gross negligence or willful misconduct of the Trustee, its operational consultants, the Inspector or Selling Agent. By submitting a PSA each Potential Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Trustee, its operational consultants, the Inspector or Selling Agent for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Trustee, its operational consultants, the Inspector or Selling Agent.

29. Participants in the SSP are responsible for all costs, expenses and liabilities incurred by them in connection with due diligence activities, the submission of a PSA, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
30. The Trustee shall have the right, in consultation with the Selling Agent, to modify the SSP and the deadlines set out herein if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SSP.

SCHEDULE "A"

Selling Agent

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Attention: Breanne Scott