

**SALES SOLICITATION PROCESS - (ALBERTA ASSETS)**  
**Bow River Energy Ltd., in receivership**

**INTRODUCTION**

1. On October 29, 2020, the Court of Queen's Bench of Alberta (the "**Court**") granted an order appointing BDO Canada Limited ("**BDO**") as the receiver and manager of Bow River Energy Ltd.'s ("**Bow River**") Alberta assets (the "**Alberta Assets**").
2. Pursuant to the Order of the Court dated December 2, 2020 (the "**SSP Order**"), the Court approved the sale solicitation process set out herein (the "**SSP**").
3. Pursuant to the SSP Order, Sayer Energy Advisors was appointed to act as sales agent in accordance with the SSP Order and the SSP (the "**Sales Agent**").
4. The Sales Agent will develop a list of Known Potential Bidders (as defined below), communicate and meet with interested parties, prepare and distribute marketing materials, and manage the Data Room (as defined below).

**SSP OVERVIEW**

5. The purpose of the SSP is to solicit interest in a sale or liquidation of all, or substantially all, of the Alberta Assets.
6. The SSP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a "**Person**") may gain access to or continue to have access to due diligence materials concerning the Alberta Assets, and how bids involving the Alberta Assets will be submitted to and dealt with by the Receiver and the Sales Agent, and how Court approval will be obtained in respect of any Transaction (as defined below).
7. As described below, the various deadlines herein may be extended by and at the discretion of the Receiver. The Receiver will consider extending the various deadlines herein, in the event that the Receiver determines that such an extension will generally benefit Bow River's creditors and other stakeholders. The Receiver shall generally oversee the SSP and in particular shall oversee the Sales Agent in connection therewith. In the event that there is a disagreement as to the interpretation or application of the SSP, the Court will have jurisdiction to hear and resolve such dispute.

**"AS IS, WHERE IS" BASIS**

8. Any transaction involving all or any portion of the Alberta Assets (each a "**Transaction**") 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 Sales Agent, the Receiver, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Final Agreement (as defined herein).

The key dates pursuant to the SSP are as follows (capitalized terms in the chart below have the meaning ascribed in the SSP):

| <u>Event</u>  | <u>Date</u>  |
|---|--|
| <b>Sales Agent to create list of Known Potential Bidders and distribute Teaser Letter and Confidentiality Agreements to Known Potential Bidders</b> | <b>As soon as practical and no later than December 7, 2020</b>               |
| <b>Sales Agent to prepare and have available for Potential Bidders the CIM and VDR</b>  | <b>As soon as practical and no later than December 7, 2020</b>               |
| <b>LOI Deadline (for delivery of offers by Qualified Bidders in accordance with the requirements of paragraphs 17 and 19 of the SSP)</b>            | <b>By January 28, 2021</b>   |
| <b>Final Agreement Deadline</b>   | <b>February 19, 2021</b>   |
| <b>Application to the Court for Approval Order(s)</b>   | <b>As soon as reasonably practicable after the Final Agreement Deadline</b>  |
| <b>Closing of the Transaction</b>   | <b>Within ten (10) days of the Approval Order(s) becoming Final Order(s)</b> |

## THE SSP PROCESS

### A. Initial Solicitation of Interest

9. The Sales Agent may contact any Persons to solicit expressions of interest in a Transaction either before or after the granting of the SSP Order.
10. As soon as reasonably practicable after the granting of the SSP Order and in any event by no later than December 7, 2020, in consultation with the Receiver, the Sales Agent will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in the Alberta Assets pursuant to an asset purchase transaction (an "**Asset Bid**"). Concurrently, the Sales Agent will prepare an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders and any other interested persons of the SSP and inviting them to express interest in making an Asset Bid. The Teaser Letter shall be posted on the Receiver's Website and that of the Sales Agent.
11. By no later than December 7, 2020, the Sales Agent shall distribute to the Known Potential Bidders and any other interested Persons the Teaser Letter, as well as a form of confidentiality agreement (the "**Confidentiality Agreement**") that shall inure to the benefit of the Person or Persons who make the Winning Bid(s) (as defined herein) pursuant to this SSP. Copies of the Teaser Letter and Confidentiality Agreement shall be provided to any appropriate Persons who becomes known to the Sales Agent after the initial distribution of such documents.
12. Any Person (a) who executes a Confidentiality Agreement in form and substance satisfactory to the Sales Agent and the Receiver, and (b) provides written confirmation of the identity of the potential bidder, including its direct and indirect principals and financial disclosure or credit quality support sufficient to allow the Sales Agent, in consultation with the Receiver, to make a reasonable determination as to its capabilities to conclude a transaction, shall be deemed to be a potential bidder (each, a "**Potential Bidder**").

**B. Due Diligence**

13. The Sales Agent shall provide each Potential Bidder with information, including access to an electronic data room established by the Sales Agent by no later than December 7, 2020 (the "**Data Room**"), that the Sales Agent in its reasonable business judgment determines to be necessary for the Potential Bidder to evaluate a transaction involving an Asset Bid. The Data Room will include, among other things, a form of purchase agreement for use by Qualified Bidders in the case of an Asset Bid.
14. The Sales Agent will prepare a confidential information memorandum ("**CIM**") by no later than December 4, 2020, describing the opportunity to make a SSP Bid and shall deliver the CIM to each Potential Bidder as soon as practicable after such Person is deemed to be a Potential Bidder in accordance with this SSP.
15. The Receiver and the Sales Agent shall coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. Neither the Receiver nor the Sales Agent will be obliged to furnish any information relating to the Alberta Assets other than to a Potential Bidder.
16. The Sales Agent, the Receiver and their respective advisors make no representation or warranty as to the information made available pursuant to the SSP, including any information contained in the Data Room.

**C. LOI Process**

17. Any Potential Bidder who wishes to submit an Asset Bid must deliver a written, non-binding letter of intent (each, a "**LOI**") to the Receiver and the Sales Agent at the address specified in and in accordance with Schedule "A" hereto so as to be received by the Receiver and Sales Agent not later than **12:00 p.m. (Mountain time) on January 28, 2021**, or such other date or time as the Receiver may determine (the "**LOI Deadline**").
18. Following the LOI Deadline, all LOIs shall be reviewed by the Receiver and the Sales Agent.
19. An LOI shall be a qualified LOI (each, a "**Qualified LOI**") provided that:
  - (a) it is submitted on or before the LOI Deadline by a Potential Bidder;
  - (b) it is submitted in a format that identifies any and all changes made from the PSA form supplied by the Receiver;
  - (c) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect owners of the Potential Bidder and their principals;
  - (d) it identifies:
    - (i) the purchase price in Canadian Dollars (including any liabilities to be assumed by the Potential Bidder and any credit bid);

- (ii) whether the Asset Bid is *en bloc*, the Alberta Assets included, any of the Alberta Assets expected to be excluded, and/or any additional assets desired to be included in the Transaction;
  - (iii) confirmation that the Potential Bidder has sufficient funds to complete the Transaction;
  - (iv) the proposed treatment of any leases and other material contracts;
  - (v) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated timeframe and any anticipated impediments for obtaining such approvals;
  - (vi) it contains a statement that the Potential Bidder is a licensee in good standing with the AER, or has eligibility to obtain or hold AER licenses, permits or approvals with respect to the Assets or has submitted an application to the AER for license eligibility, and will have a Liability Management Rating of 1.0 or greater should the offer be accepted and the AER approves the transfer;
  - (vii) the offer must be accompanied by a 20% deposit payable to "BDO Canada Limited - in trust" (the "**Deposit**") by way of bank draft or certified cheque;
  - (viii) must not be subject to any conditions other than approval by the Court of Queen's Bench of Alberta (the "**Court**") and the PSA must acknowledge that it is subject to Court approval;
  - (ix) contemplates a schedule for closing the Transaction set out therein which is on or before February 19, 2021 (the "**Closing Date**"); and
  - (x) contains such other information as reasonably requested by the Selling Agent or Receiver from time to time.
20. Any Potential Bidder who submits a Qualified LOI on or before the LOI Deadline shall be designated a "**Qualified Bidder**".
21. The Receiver, may waive the strict compliance of one or more of the requirements specified above and deem any LOI to be a Qualified LOI, notwithstanding any noncompliance with the terms and conditions of this SSP.
22. In the event that no Person submits an LOI, or that no LOI qualifies as or is deemed to qualify as a Qualified LOI, or that no Qualified LOI is deemed commercially reasonable to the Receiver, the Receiver may terminate the SSP. If no Qualified LOIs are received by the LOI Deadline, the Receiver may consider other forms of bids for the Alberta Assets. At any time during the SSP, the Receiver may determine that any LOI is a Winning Bid and seek Approval Orders in respect of such Winning Bid(s) from the Court.
23. The Sales Agent may invite Qualified Bidders to conduct additional due diligence or otherwise make available to Qualified Bidders additional information not posted in the Data Room, arrange for inspections and site visits at Bow River's premises, as determined by the Sales Agent.

#### **D. Selection of Winning Bid**

24. The Receiver shall review all Qualified LOIs in consultation with the Sales Agent. The Receiver may, but shall have no obligation to enter into a definitive agreement or agreements (each a "**Final Agreement**") with the Person or Persons who submitted the highest, best or otherwise most favourable Qualified LOIs.
25. The Receiver may give preference to the Qualified LOI or combination of Qualified LOIs that results in the largest amount of environmental liabilities being addressed in terms of liabilities assumed and/or cash provided.
26. In the event that the Receiver enters into one or more Final Agreements by February 19, 2021 ("**Final Agreement Deadline**"), any Qualified LOI so selected shall be a "**Winning Bid**". Any Qualified Bidder that makes a Winning Bid shall be a "**Successful Bidder**".
27. This SSP shall terminate in the event that: (a) no Qualified Bidder submits or is deemed to have submitted a Qualified LOI; (b) the Receiver determines that none of the Qualified LOIs should be accepted; or (c) a Final Agreement has not been entered into before the Final Agreement Deadline.
28. The highest Qualified LOI may not necessarily be accepted by the Receiver. The Receiver reserves the right not to accept any Qualified LOI or to otherwise terminate the SSP. The Receiver further reserves the right to deal with one or more Qualified Bidders to the exclusion of other Persons, to accept a Qualified LOI for some or all of the Alberta Assets or to accept multiple Qualified LOIs and enter into multiple Final Agreements.

#### **APPROVAL ORDERS**

29. In the event that Receiver enters into a Final Agreement(s), on or before February 19, 2021, the Receiver shall apply as soon as reasonably practicable thereafter, for order(s) (the "**Approval Order**") from the Court, in form and substance satisfactory to the Receiver, approving the transaction contemplated by the Winning Bid(s) and any necessary related relief required to consummate the Transaction contemplated by the Winning Bid(s), subject to the terms of the Final Agreement(s).
30. An Approval Order shall become a "**Final Order**" upon satisfaction of the following conditions: (a) it is in full force and effect; (b) it has not been reversed, modified or vacated and is not subject to any stay; and (c) all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving the Approval Order wholly operable.

#### **CLOSING**

31. Closing of the transactions contemplated in any Final Agreement shall occur within ten (10) days of the date upon which the Approval Orders have become Final Orders, or as may be extended with the approval of the Receiver.

## **DEPOSITS**

32. All Deposits paid pursuant to this SSP shall be held in trust by the Receiver. The Receiver shall hold Deposits paid by each of the Successful Bidder in accordance with the terms outlined in this SSP. In the event that a Deposit is paid pursuant to this SSP and the Receiver elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Receiver shall return the Deposit and any interest accrued thereon to that Person.
33. In the event that a Successful Bidder defaults in the payment or performance of any obligations owed to the Receiver or the Sales Agent pursuant to any Final Agreement, the Deposit paid by the Successful Bidder as applicable, shall be forfeited to such party as liquidated damages and not as a penalty.

## **CONFLICTS OF INTEREST**

34. Until such time as any secured creditor of Bow River has: (i) irrevocably declared his or her intention not to submit a bid; (ii) his or her LOI has been irrevocably disqualified under the SSP; or (iii) his or her LOI has been irrevocably determined not to be the Winning Bid), such secured creditor:
  - (a) shall only receive information regarding the SSP in keeping with his or her capacity as a Potential Bidder in these proceedings; and
  - (b) shall receive no information whatsoever regarding other bids in the SSP.
35. If any secured creditor determines that he or she will submit a bid in the SSP, such secured creditor shall advise the Receiver of such intent as soon as reasonably practicable, and no later than seven (7) days before the LOI Deadline.

## **COVID-19**

36. This SSP shall be interpreted so as to comply and be consistent with any applicable laws, regulations or public health directives related to the COVID-19 pandemic, and may be amended at any time with the approval of the Receiver to the extent necessary or advisable to comply with same.

## SCHEDULE "A"

### Addresses for Deliveries

Any notice or other delivery made to the Receiver pursuant to this SSP shall be made to:

**BDO Canada Limited**

110, 5800 – 2nd Street SW

Calgary, AB T2H 0H2

Attention: Marc Kelly

Tel: 403-536-8510

Email: [makelly@bdo.ca](mailto:makelly@bdo.ca)

with copy to:

**Bennett Jones LLP**

4500 Bankers Hall East, 855 - 2nd Street SW

Calgary, AB, T2P 4K7

Attention: Keely Cameron

Tel: 403-298-3324

Email: [cameronk@bennettjones.com](mailto:cameronk@bennettjones.com)

Any notice or delivery made to the Sales Agent pursuant to this SSP shall be made to:

**Sayer Energy Advisors**

1620, 540 5 Ave SW

Calgary, AB T2P 0M2

Attention: Tom Pavic

Tel: (403) 266-6133

Email: [TPavic@sayeradvisors.com](mailto:TPavic@sayeradvisors.com)

Deliveries pursuant to this SSP by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SSP shall be deemed to be received when delivered to the relevant address, as identified above.