
Argent Energy

Question & Answer

A. **Frequently Asked Questions**

1. What is the CCAA?

- The Companies' Creditors Arrangement Act, or "CCAA" is a federal statute that enables companies to restructure their financial affairs and operations under the supervision of the Courts.
- As part of the CCAA proceedings, the Court grants a "stay of proceedings" in favour of the Company which prevents creditors from taking action against the Company, giving it the time and stability to enable it to restructure while continuing to operate.
- A monitor is appointed by the Court to oversee the restructuring and report periodically to the Court.
- Argent will also seek to have the CCAA recognized under Chapter 15 in the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division.

2. What is the Monitor?

- The Monitor is an officer of the Court whose responsibilities include assisting the Company with its restructuring, reporting to the Court from time to time on the progress of the CCAA proceedings and, ultimately, providing a recommendation on any plan of arrangement or proposed sale. In this case, FTI Consulting has been appointed as Monitor.
- The Company will be giving its full co-operation to the Monitor.

3. Is the Company bankrupt?

- No. Under Canadian insolvency and restructuring laws, "bankruptcy" is a specific type of proceeding under which an insolvent company's operations are terminated and its assets are sold or "liquidated" by a trustee in bankruptcy.
- The CCAA proceedings, amongst other things, prevents creditors from forcing the Company into bankruptcy. For this reason, CCAA proceedings are sometimes referred to as "bankruptcy protection".

4. Why did the Company file CCAA?

- The global drop in oil and gas prices has had a significant negative impact on the Companies operating cash flow such that the Company cannot meet its debt obligations. As such the Company felt it necessary to file CCAA in order to allow the Company to continue to operate while it seeks a buyer for the business or assets.

- The Company has reached an agreement with its senior secured lender which; at a minimum, will support the continued operation of the Company throughout the CCAA proceedings by providing interim financing.

5. What happens in a CCAA filing?

- The Company is given time to develop and implement a strategy to restructure its business. Generally a business can be restructured by a sale of assets or through a “plan of arrangement” under which the financial and operational affairs of the Company are restructured through compromises with creditors (for example, creditors settle for something less than the amount they believe they are owed, but more than they would receive in the event the Company were to go bankrupt). In certain circumstances all of the Company’s assets are sold in an orderly manner throughout this process.
- The Court will put a “stay of proceedings” in place to prevent creditors from taking actions that could destabilize the Company or force it into bankruptcy.
- Subject to the oversight of the Court, the Company remains in control of its business and operations and can take steps to complete its restructuring. The restructuring may take the form of a sale of all or part of the Company’s assets.
- If a plan of arrangement is been developed, creditors are given the ability to vote on the plan. If it is approved by the creditors and the Court, the Company implements the plan and “emerges” from CCAA, as a continuing business, completing the process.

6. How long will the CCAA proceeding take to complete?

- At this time, it is not possible to say how long the proceedings will take to complete. However, as we have disclosed to the Court, we intend to launch a sales and marketing process which is anticipated to take approximately 3 months.
- The Court has granted a stay of proceedings of 30 days, which is the maximum allowed by law on an initial application under the CCAA. The Company is entitled to request extensions of that time and these extensions are routinely granted as long as the Company continues to work in good faith towards a sale or restructuring.

7. Who is now in charge of the Company?

- The executive management team remains in control of the Company and its operations, subject to the specific requirements of the CCAA Orders.

8. What does the filing mean for the Company's operations?

- The Company will continue to operate in normal course throughout the CCAA proceedings.

9. Does the Company have sufficient financing to continue operations?

- Yes. We have arranged for and the Court has approved interim financing to ensure that we have sufficient cash to fund the Company's operations during the restructuring process.

10. I have unpaid invoices for products/services delivered prior to the CCAA filing. Will these amounts be paid?

- Because of the CCAA filing, we are unable to make payment of amounts relating to goods/services supplied prior to the filing date. There is no need to file a claim at this time. You will be provided prior notice of any requirement to file a claim.

11. How do I file a claim for amounts outstanding?

- This ultimately depends on the total proceeds we are able to achieve from our sales process. If there are sufficient funds to distribute to unsecured creditors we would seek approval from the Court to run a claims process. You will be notified of the claims procedure if/when it is approved.

12. Do I continue dealing with my existing contacts?

- Yes, you should continue to deal with your regular contacts.

13. Do I have to continue to provide goods/services to the Company?

- The CCAA Order provides that anyone having a written or oral agreement to provide goods or services to the Company are prohibited from terminating or modifying such arrangements, provided that the Company pays the normal prices or charges for such goods or services.
- However, no person shall be under any obligation on or after filing to advance any monies or otherwise extend any credit to the Applicants.

14. I understand that I can recover goods that I delivered in the last 30 days. Is that correct?

- No. The rights to which you refer arise only in bankruptcy or receivership proceedings. This right does not arise under the CCAA.

15. How will I be kept informed of developments during the proceedings?

- We will provide periodic updates on the progress of the restructuring and any key developments. In addition, Court materials, including Monitor's reports, will be available on the internet at **<http://cfcanada.fticonsulting.com/argent>**

16. What do I do if I have other questions?

- For every-day business questions, you should continue to speak to your usual contact person.
- For questions relating to the CCAA proceedings, you can call the Monitor at 1-855-754-5840 or e-mail at **argent@fticonsulting.com**.