



COURT FILE NUMBER 1901-16293
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PROCEEDINGS IN THE MATTER OF THE RECEIVERSHIP OF EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., and EAGLE HYDROCARBONS INC.
 APPLICANT FTI CONSULTING CANADA INC., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc. and Eagle Hydrocarbons Inc.
 DOCUMENT **APPLICATION**
Approval of Sale Process and Order Sealing Confidential Supplement

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Norton Rose Fulbright Canada LLP
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Lawyers for FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc.
File no.: 1001023920

NOTICE TO RESPONDENT

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date:	February 19, 2020
Time:	2:00 P.M.
Where:	Calgary Courts Centre
Before Whom:	The Honourable Madam Justice K.M. Eidsvik on the Commercial List

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc. (the **Companies**), seeks the following relief:

- (a) abridging, if necessary, the time for service of this Application and supporting materials, and declaring service of same to be good and sufficient;
- (b) an Order, substantially in the form attached hereto as **Schedule "A"**, sealing the Confidential Supplement to the Receiver's First Report such that it will be maintained as confidential, sealed and not forming part of the public record;
- (c) an Order, substantially in the form attached hereto as **Schedule "B"**, that:
 - (i) ratifies and approves the Receiver's First Report and Confidential Supplement thereto, and activities of the Receiver for the period of November 19, 2019 to January 31, 2020, as described therein;
 - (ii) approves the Receiver's Statement of Receipts and Disbursements for the period of November 19, 2019 to January 31, 2020;
 - (iii) approves the sale process attached in Appendix 1 thereto (the **Sale Process**);
 - (iv) approves the engagement of CB Securities Inc. (the **Canadian Sale Agent**) on the terms of the CB Securities Engagement Letter (as defined below and in the First Report of the Receiver);

- (v) approves the engagement of EnergyNet.com, Inc. (the **US Sale Agent**) on the terms of the EnergyNet Engagement Letter (as defined below and in the First Report of the Receiver) (the Canadian Sale Agent and US Sale Agent are collectively referred to as the **Sale Agents**);
 - (vi) authorizes the Receiver and the Sale Agents to implement the Sale Process and to perform all steps and actions required of them pursuant to the Sale Process;
 - (vii) requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to the Order; and
- (d) such further and other relief as counsel may advise and this Honourable Court may permit.

Grounds for making this application:

2. On November 19, 2019, FTI Consulting Canada Inc. was appointed as Receiver over the current and future assets, undertakings and properties of the Companies pursuant to a Receivership Order granted by the Honourable Justice R.A. Neufeld (the **Receivership Order**).

3. On February 5, 2020, the Receiver entered into an Engagement Letter with the Canadian Sale Agent (the **CB Securities Engagement Letter**), to act as the exclusive sale agent of the Companies' Canadian assets in the proposed Sale Process.

4. On February 6, 2020, the Receiver entered into an Engagement Letter with the US Sale Agent (the **EnergyNet Engagement Letter**) to act as the exclusive sale agent of the Companies' United States assets in a proposed Sale Process. The CB Securities Engagement Letter and EnergyNet Engagement Letter are hereinafter referred to collectively as the Engagement Letters.

5. The Engagement Letters include commercially sensitive terms and are expressly conditional on Court approval. The Receiver will file, concurrently with this Application, a copy of the First Report of the Receiver that includes redacted copies of the Engagement

Letters. It will also provide the Court with an unredacted copy of the First Report as a Confidential Supplement, to then be filed in a sealed envelope and maintained as confidential.

6. The Receiver and the Sale Agents, in consultation with the Companies' stakeholders, have developed the Sale Process to allow for the implementation of an open, fair, and efficient process to solicit the sale of certain of the Companies' assets and to obtain the best offers in the circumstances.

7. The Receiver is of the view that the Sale Process is the most commercially reasonable manner in which to maximize the value for all of the Companies' stakeholders.

8. The Receiver is of the view that it is in the best interests of the Companies and their stakeholders that the Sale Agents assist in the marketing of the Companies' assets.

9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

10. The Receivership Order;

11. The First Report of the Receiver;

12. The Confidential Supplement to the First Report of the Receiver;

13. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

14. Rules 6.3(1), 6.9(1), and 6.28 - 6.36 of the *Alberta Rules of Court*.

15. Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

16. The *Alberta Rules of Court*.

17. Such further and other Acts and regulations as counsel may advise and this Honourable may permit.

Any irregularity complained of or objection relied on:

18. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

19. Oral submissions by counsel at an Application on the Commercial List before the Honourable Madam Justice K.M. Eidsvik at the Calgary Courts Centre, 601 – 5th Street S.W., at Calgary, Alberta, on February 19, 2020, at 2:00 p.m., or as soon thereafter as counsel may be heard.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

COURT FILE NUMBER 1901-16293

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDINGS IN THE MATTER OF THE RECEIVERSHIP OF EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., and EAGLE HYDROCARBONS INC.

APPLICANT FTI CONSULTING CANADA INC., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc. and Eagle Hydrocarbons Inc.

DOCUMENT **ORDER**
Sealing Confidential Supplement to Receiver's First Report

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Calgary, Alberta T2P 4H2 CANADA

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Lawyers for FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc.
File no.: 1001023920



DATE ON WHICH ORDER WAS PRONOUNCED: February 19, 2020
 NAME OF JUDGE WHO MADE THIS ORDER: Madam Justice K.M. Eidsvik
 LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc.; **AND UPON** having read the Receivership Order granted by the Honourable Justice R.A. Neufeld dated November 19, 2019, filed; **AND UPON** having read

the First Report of the Receiver dated February 11, 2020, filed (the **First Report**); **AND UPON** having read the Confidential Supplemental Report to the First Report of the Receiver dated February 11, 2020 (the **Confidential Supplemental Report**); **AND UPON** hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED THAT:

1. The time for service of this Application and all supporting materials is hereby abridged, if necessary.
2. Subject to further order of this Court, the Confidential Supplemental Report shall be filed in an envelope, which will be marked as "SEALED PURSUANT TO COURT ORDER – NOT TO BE OPENED WITHOUT PRIOR ORDER OF THIS COURT", which shall be maintained as sealed, confidential and not forming part of the public record.
3. Leave is hereby granted to any person, entity or party affected by this Order to apply to this Court for a further Order vacating, substituting, modifying or varying the terms of this Order, with such Application to be brought on notice to the Receiver and any other affected party.
4. This Order must be served only on those interested parties that attended or were represented at the within Application, and service may be effected by facsimile, electronic mail, personal delivery or courier. Service of this Order on any party not attending this Application is hereby dispensed with.

J.C.Q.B.A.

COURT FILE NUMBER 1901-16293

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDINGS IN THE MATTER OF THE RECEIVERSHIP OF EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., and EAGLE HYDROCARBONS INC.

APPLICANT FTI CONSULTING CANADA INC., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc. and Eagle Hydrocarbons Inc.



DOCUMENT **ORDER**
Approval of Engagement and Sale Process

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Lawyers for FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc.
File no.: 1001023920

DATE ON WHICH ORDER WAS PRONOUNCED: February 19, 2020
NAME OF JUDGE WHO MADE THIS ORDER: Madam Justice K.M. Eidsvik
LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc. (the **Companies**); **AND UPON** having read the Receivership Order granted by the Honourable Justice R.A. Neufeld dated November 19, 2019, filed; **AND UPON** having read the First Report of the Receiver dated February 11, 2020, filed (the **First**

Report); AND UPON having read the Confidential Supplemental Report to the First Report of the Receiver dated February 11, 2020 (the **Confidential Supplemental Report**); **AND UPON** hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED THAT:

1. The time for service of this Application and all supporting materials is hereby abridged, if necessary.
2. The Receiver's Statement of Receipts and Disbursements, as set out in the First Report, is hereby approved.
3. The Receiver's activities as set out in the First Report and the Confidential Supplemental Report are hereby ratified and approved.
4. The Engagement Letter of CB Securities Inc., dated February 5, 2020, a redacted copy of which is attached as Appendix "B" to the First Report of the Receiver and an unredacted copy of which is attached as Appendix "A" to the Confidential Supplemental Report (the **CB Securities Engagement Letter**), is hereby approved and CB Securities Inc. is authorized to act as the exclusive sale agent in Canada (the **Canadian Sale Agent**) and to market the Canadian properties of the Companies on behalf of the Receiver in accordance with the terms of the Sales Solicitation Process (the **Sale Process**) which is attached as Appendix "A" to the First Report of the Receiver and Appendix 1 to this Order.
5. The Engagement Letter of EnergyNet.com, Inc., dated February 6, 2020, a redacted copy of which is attached as Appendix "B" to the First Report of the Receiver and an unredacted copy of which is attached as Appendix "B" to the Confidential Supplemental Report (the **EnergyNet Engagement Letter**), is hereby approved and EnergyNet.com, Inc. is authorized to act as the exclusive sale agent in the United States (the **US Sale Agent**) and to market the United States properties of the Companies on behalf of the Receiver in accordance with the terms of the Sale Process.
6. The CB Securities Engagement Letter and EnergyNet Engagement Letter are hereinafter referred to collectively as the **Engagement Letters**. The Canadian Sale Agent and US Sale Agent are hereinafter referred to collectively as the **Sale Agents**.

7. The fees and expenses payable to the Sale Agents under the Engagement Letters are hereby approved.

8. The Sale Agents, or either of them, shall incur no liability or obligation as a result of their engagement or the carrying out of its mandate under the Engagement Letters, save and except for gross negligence or willful misconduct on their part.

9. Paragraph 18 of the Receivership Order is hereby amended to the extent necessary to include the Sale Agents and the fees and expenses payable to the Sale Agents under the Engagement Letters to the amount secured by the Receiver's Charge.

10. The Sale Process is hereby approved and the Receiver and the Sale Agents are authorized and directed to implement the Sale Process and to perform all steps and actions required of it pursuant to the Sale Process.

11. The Secured Creditor (as defined in the Sales Process) shall be entitled to make a Credit Bid under the Sale Process ("Credit Bid" being a bid on behalf of the Secured Creditor under which all or a portion of the consideration being offered under the bid includes the compromise of all or a portion of indebtedness owing from the Companies) and such Credit Bid shall be:

- (a) a Qualified Phase I Bid (as that term is defined in the Sale Process) provided it complies with the requirements of the Sale Process, and
- (b) a Qualified Phase II Bid (as that term is defined in the Sale Process) provided it complies with the requirements of the Sale Process.

12. The Receiver is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.

13. Service of this Order by e-mail, facsimile, courier, regular mail or personal delivery shall constitute good and sufficient service of this Order.

J.C.Q.B.A.

Appendix 1

PROCEDURES FOR THE SOLICITATION AND SALE PROCESS

EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., and EAGLE HYDROCARBONS INC.

I. Introduction

1. On November 19, 2019, FTI Consulting Canada Inc. (the **Receiver**) was appointed as Receiver over the current and future assets, undertakings and properties of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc. by order of Justice R.A. Neufeld (the **Receivership Order**).
2. Eagle Energy Inc. and Eagle Energy Holdings Inc. are corporations incorporated under the laws of the Province of Alberta. Eagle Energy Trust is an unincorporated open-ended limited purpose trust formed under the laws of the Province of Alberta. Eagle Energy Inc., Eagle Energy Holdings Inc. and Eagle Energy Trust will be referred to collectively as the **Canadian Entities**. Eagle Energy Hydrocarbons Inc. is a company incorporated under the laws of the State of Delaware, United States, and will be referred to as the **US Entity**. Together, the Canadian Entities and the US Entity will be referred to as the **Companies**.
3. The Receiver has determined that a sale solicitation process (**Sale Process**), as set out herein, is the best and most effective way to realize on the Companies' assets.
4. The Receiver intends to seek a Court order approving the engagement of CB Securities and EnergyNet as sale agents for the assets of the Companies and approving of this Sale Process (the **Sale Process Order**). Shortly thereafter, the Receiver will apply to the US Court for an order recognizing the Sale Process Order (the **Recognition Order**).
5. Set forth below are the procedures to be followed with respect to the Sale Process.

II. Defined Terms

6. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Receivership Order. Further, in this Sale Process, the following definitions shall apply:
 - a. **AER** means the Alberta Energy Regulator.
 - b. **Business Day** means a day, other than a Saturday or Sunday, on which banks are open for business in Calgary, Alberta and Houston, Texas.
 - c. **CB Securities** means CB Securities Inc.
 - d. **Court** means the Court of Queen's Bench of Alberta.
 - e. **EnergyNet** means EnergyNet.com, Inc.
 - f. **Sale Agents** means CB Securities and EnergyNet collectively, and **Sale Agent** means either or both of them, as the context requires (CB Securities, with respect to the Canadian Property, and EnergyNet with respect to the US Property).
 - g. **Secured Creditor** means White Oak Global Advisors, LLC, in its capacity as Administrative Agent under a certain Loan and Security Agreement dated March 13, 2017, as amended.
 - h. **US Court** means the Bankruptcy Court for the Northern District of Texas.

III. Summary of Sale Process

7. The Sale Process is intended to solicit interest in, and opportunities for a sale of all or part of, the Companies' business and property, which primarily consists of oil and gas assets located near Dixonville, Alberta, and Hardeman County, Texas.
8. To maximize interest and participation in this opportunity, the Sale Process will provide for:
 - a. the sale of the Canadian Entities' interest in all or substantially all of their assets located near Dixonville, and elsewhere in Alberta (the **Canadian Property**); and
 - b. the sale of the US Entity's interest in all or substantially all of its assets located near Hardeman County, and elsewhere in Texas (the **US Property**) (the Canadian Property and US Property are referred to collectively as the **Property**).
9. The Receiver intends to use CB Securities as Sale Agent for the Canadian Property, and EnergyNet as Sale Agent for the US Property, who will each carry out their respective responsibilities concurrently.
10. Except to the extent otherwise set forth in a determinative 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 Receiver or the Sale Agents.
11. Solicitation of interest for sale proposals will be on an unpriced basis whereby no set asking price will be stipulated. However, the Secured Creditor's right to make a "credit bid" for the assets of the Canadian Property or the US Property shall be preserved to the extent that the sale proposals do not meet the credit bid threshold amounts set out in paragraphs 31.a and 31.b.
12. The major stages of the Sale Process will be comprised of:
 - a. **Pre-Marketing**: preparation of marketing material, assembly of relevant due diligence material, establishment of a confidential virtual data room (**VDR**) and preparation of potential buyer lists by each of the Sale Agents;
 - 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.
13. The Offer Submission and Evaluation stage of the Sale Process will be comprised of a two-phase process: **Phase 1** involves the submission of non-binding letters of intent (**LOI**) from qualified bidders, and **Phase 2** involves the submission of formal binding offers from those parties that submitted an LOI and are invited by the Sale Agent and Receiver to participate in Phase 2 (Qualified Bidders, as defined in paragraph 23).
14. Following selection of the Successful Bid(s), the Receiver will bring an application to the Court for a sale approval and vesting order (**SAVO**) in connection therewith. Where the Successful Bid(s) involves a proposed sale of all or part of the US Property, the application for a SAVO would be followed by a further application to the US Court for recognition of the SAVO (the **SAVO Recognition Order**).

IV. Timeline

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

Milestone	Date
Sale Process Order Application – Court of Queen's Bench of Alberta	February 19, 2020
Sale Process Recognition Order Hearing – Bankruptcy Court for the Northern District of Texas	February 24, 2020
Launch VDR and Sale Process	February 25, 2020
Phase 1 Bid Deadline	March 27, 2020
Binding Offers Due	April 17, 2020
SAVO Application – Canada	May 1, 2020
SAVO Recognition Order Hearing – US	May 8, 2020

V. Sale Process and Timeline

16. The Sale Process set forth herein describes the manner in which prospective bidders may gain access to due diligence materials concerning the Companies and the Property and ultimately make sale proposals for the assets of the Companies. The Receiver shall supervise the Sale Process and the Sale Agents in connection therewith. In the event there is disagreement as to the interpretation or application of the Sale Process, the Court will have jurisdiction to hear and resolve such a dispute.

Pre-Marketing

17. The Pre-Marketing stage will proceed as follows:
- a. As soon as reasonably practicable, but in any event no later than February 25, 2020 (the **Commencement Date**), the Sale Agents will each prepare: (i) a teaser letter (the **Teaser Letter**) describing the opportunity, outlining the Sale Process and inviting recipients to express their interest pursuant to the Sale Process; (ii) a non-disclosure agreement (**NDA**); and (iii) a confidential information memorandum (the **CIM**). The Teaser Letter, NDA and CIM shall be in a form and substance satisfactory to the Receiver. The CIM will specifically state that the Sale Agents, the Receiver and their respective advisors make no representation or warranty as to the accuracy or completeness of the information contained in the CIM and the VDR, or otherwise made available pursuant to the Sale Process, and further state that the Sale Process is limited to the sale of the Companies' rights, interests and undertakings with respect to the Property.
 - b. The Sale Agents, with the assistance of the Receiver, will gather and review all required due diligence material to be provided to interested parties and shall each establish a VDR, which will be maintained and administered by each respective Sale Agent during the Sale Process.
 - c. The Receiver, in consultation with the Sale Agents and Secured Creditor, will develop a draft form of non-binding LOI and a purchase and sale agreement for use during the Sale Process (the **PSA**).
 - d. The Sale Agents, in consultation with the Receiver, will each prepare a list of potential bidders, including: (i) parties that have approached one or more of the Sale Agents,

the Receiver or the Companies indicating an interest in the Property; and (ii) local, national and international strategic parties who the Sale Agent and the Receiver believe may be interested in purchasing all or part of the Property (**Known Potential Bidders**).

Marketing

18. The Marketing stage will proceed as follows:
19. On the Commencement Date, or as soon as reasonably practicable after the Commencement Date, the Sale Agent shall:
 - a. cause a notice of the Sale Process (the **Notice**) and other relevant information that the Sale Agent, in consultation with the Receiver, considers appropriate, to be published in the Daily Oil Bulletin, in the case of CB Securities, and the Houston Chronicle, in the case of EnergyNet, with CB Securities utilizing Canada Newswire to designate dissemination in major financial centres in Canada and the United States; and
 - b. send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
20. The Sale Agent will send the CIM and grant access to the VDR to all those parties who have executed and delivered the NDA to the Sale Agent as soon as reasonably practicable after such execution and delivery.
21. Requests for information and access to the VDR will be directed to the Sale Agent, at the address and to the attention of the persons listed in Appendix "A" hereto (including by email).
22. Any party that wishes to participate in the Sale Process (a **Potential Bidder**) must deliver to the Sale Agent, with a copy to the Receiver, at the addresses specified in Appendix "A" hereto (including by email):
 - a. an executed NDA; and
 - b. a letter setting out the identity and contact information of the Potential Bidder, and disclosure of the direct and indirect principals and owners of the Potential Bidder.
23. A Potential Bidder that has delivered an NDA and letter as described above at paragraph 22 will be deemed a **Qualified Bidder** and will be promptly notified of such by the Sale Agent.

Offer Submission and Evaluation

Phase 1

Due Diligence

24. The Sale Agent, in consultation with the Receiver, will afford each Qualified Bidder such access to due diligence materials through the VDR and information regarding the Property as it deems appropriate. Due diligence access may further include on-site inspections and other matters that a Qualified Bidder may reasonably request and to which the Sale Agent, with the approval of the Receiver, may agree. Neither the Sale Agent nor the Receiver will be obligated to furnish any information relating to the Property to any person other than Qualified Bidders. Further, selected due diligence materials may be withheld from any Qualified Bidder if the Receiver, in consultation with the Sale Agent, determines as necessary in its sole discretion.

25. Potential Bidders must rely solely on their own independent due diligence and investigation of the Property in connection with their participation in the Sale Process and any transaction they may ultimately enter into with the Receiver with respect to the Property.

LOI Submission

26. Qualified Bidders that advise the Sale Agent that they wish to submit an offer will be provided with a copy of the LOI.
27. The Qualified Bidder wishing to make a bid must deliver an executed LOI, identifying each specific asset the Qualified Bidder is interested in, to the Sale Agent, with a copy to the Receiver, at the address(es) specified in Appendix "A" (including by email), so as to be received no later than March 27, 2020 (**Phase 1 Bid Deadline**).
28. An LOI so submitted in accordance with paragraph 27 will be considered a qualified LOI (**Qualified LOI**) only if:
 - a. it is submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder;
 - b. it indicates the following:
 - i. the purchase price, in Canadian dollars in the case of bids for the Canadian Property submitted to CB Securities, and in US dollars in the case of bids for the US Property submitted to EnergyNet; if a Phase 1 Qualified Bidder wishes to acquire assets owned by more than one of the Companies, a price must be allocated for each such Property as between the Companies;
 - ii. a description of each asset that is expected to be included in the proposed transaction and any assets expected to be excluded;
 - iii. a specific indication of the financial capability, together with evidence of such capability, of the Phase 1 Qualified Bidder and the expected structure and financing of the proposed transaction;
 - iv. a description of the conditions and approvals required for a final and binding offer; and
 - v. any other terms or conditions of the sale proposal that the Phase 1 Qualified Bidder believes are material to the transaction.
29. The Receiver, in its discretion, may waive compliance with any one or more of the requirements specified in paragraph 28 above and deem such non-complaint bids to be a Qualified LOI.

Credit Bidding

30. The Receiver, in consultation with the Sale Agents, will consider any bid on behalf of the Secured Creditor, under which all or a portion of the consideration being offered under the bid includes the compromise of all or a portion of indebtedness owing by the Companies to the Secured Creditor (**Credit Bid**), provided the Credit Bid is submitted in accordance with this Sale Process, including, but not limited to, paragraphs 31, 32 and 33.
31. A Credit Bid put forward by the Secured Creditor shall meet the requirements of Qualified LOIs pursuant to paragraph 27 and 28 and shall not be in excess of the following threshold amounts:
 - a. CAD \$21,000,000 for the Canadian Property; and/or

- b. USD \$11,000,000 for the US Property.
32. A Credit Bid put forward by the Secured Creditor must include a cash component sufficient to pay any credit bid success fees of either or both of the Sale Agents that would be due and owing to the Sale Agents in the event the Credit Bid transaction closed, as applicable.
 33. A Credit Bid put forward by the Secured Creditor must be submitted on or before the Phase 1 Bid Deadline in order to participate in Phase 2; provided, if a Credit Bid is so submitted, the Secured Creditor shall not be obligated to participate in and/or submit a Phase 2 bid.
 34. A Credit Bid submitted in accordance with paragraphs 31, 32 and 33 shall be considered a Qualified LOI.
 35. The Receiver and Sale Agents may grant the Secured Creditor access to information pertaining to bids received in the Sale Process prior to the Phase 1 Bid Deadline, provided that the Secured Creditor maintains the confidentiality of the information provided pursuant to an NDA and does not communicate, directly or indirectly, with other parties regarding the Sale Process and any such bids.

Preliminary Assessment of Phase 1 Bids

36. Following the Phase 1 Bid Deadline, the Receiver will assess the Qualified LOIs in consultation with the Sale Agents and Secured Creditor, provided the terms of the Sale Process are complied with. If the Receiver determines that a Phase 1 Qualified Bidder, or Secured Creditor that has submitted a Credit Bid, that has submitted a Qualified LOI has (i) a *bona fide* interest in completing a transaction, and (ii) the financial capability to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder, or Secured Creditor that has submitted a Credit Bid, will be deemed a **Phase 2 Qualified Bidder**. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the Sale Process.
37. In the event that no Qualified LOIs are submitted by the Phase 1 Bid Deadline, then the Receiver may terminate the Sale Process.
38. The Receiver and Sale Agents will prepare a bid process letter for Phase 2 (the **Bid Process Letter**), which will include a draft PSA. The Sale Agents will send the Bid Process Letter to all Phase 2 Qualified Bidders who are invited to participate in Phase 2.

Phase 2

Binding Offers

39. Phase 2 Qualified Bidders that wish to make a sale proposal shall submit to the Sale Agent a sealed binding offer that complies with all of the following requirements at the address(es) specified in Schedule "A" hereto, with a copy to the Receiver (including by email), so as to be received by the Sale Agent not later than 12:00 PM (MST) on April 17, 2020 (the **Phase 2 Bid Deadline**):
 - a. The bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified LOIs.
 - b. The bid shall take the form of the PSA, together with a blackline showing any deviations, and shall include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the proposed transaction set out in the Successful Bid (as defined in paragraph 48) is approved of by the Court and, where applicable, the US Court, and the transaction is closed.

- c. The bid includes such key economic terms and duly authorized and executed transaction documents as listed in the PSA. Such key economic terms shall include, but not be limited to, the purchase price or Credit Bid amount, expressed in, in the case of the Canadian Property, Canadian Dollars, and in the case of the US Property, US dollars (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 Phase 2 Qualified Bidder, including their respective percentage interests.
- d. To the extent the bid 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 any of the Companies may be a party. A Phase 2 Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in the bid, the likelihood of satisfying such conditions, shall be important factors in evaluating the bid.
- e. The bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, including the timetable for obtaining financing.
- f. The bid should not be conditional on the outcome of unperformed due diligence by the Phase 2 Qualified Bidder.
- g. The bid, except in the case of a Credit Bid, is accompanied by a refundable deposit (other than in the case of a Successful Bidder, whose deposit will be non-refundable in accordance with paragraph 60) in the amount of not less than 10% of the purchase price, and in the form of a certified cheque or wire transfer (to a bank account specified by the Receiver), payable to the order of the Receiver, in trust, which Deposit is to be held and dealt with in accordance with this Sale Process (the **Deposit**).
- h. The bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property prior to making its offer; (ii) it understands that the Property includes only the Companies' rights, interests and obligations in relation to the Property; (iii) it has relied solely on its own independent review, investigation 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 Agents, the Companies or the Receiver, whether express or implied, statutory or otherwise, regarding the Property 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.
- i. All required corporate approvals of the Phase 2 Qualified Bidder will have been obtained prior to the submission of the bid.
- j. The Phase 2 Qualified Bidder shall be, with respect to any bid submitted for the Canadian Property, an eligible licensee in good standing with the AER.
- k. The bid shall identify any material conditions in favour of the buyer to be resolved prior to closing the transaction.
- l. The bid is received by the Phase 2 Deadline.

- m. The bid contemplates Court approval of a SAVO and, where applicable, US Court approval of a SAVO Recognition Order.
- 40. Following the Phase 2 Bid Deadline, the Receiver will assess the Phase 2 sale proposals received with respect to the Property, in consultation with the Sale Agents and Secured Creditor, where appropriate. The Receiver will designate the most competitive bids that comply with the foregoing requirements to be **Phase 2 Qualified Bids**. Only Phase 2 Qualified Bidders whose bids have been designated as Phase 2 Qualified Bids are eligible to become the Successful Bidder(s).
- 41. The Receiver may waive strict compliance with any one or more of the requirements specified at paragraph 39 and deem such non-compliant bids to be Phase 2 Qualified Bids.
- 42. The Sale Agents, upon receiving instructions from the Receiver, shall promptly notify each Phase 2 Qualified Bidder in writing as to whether its bid constituted a Phase 2 Qualified Bid.
- 43. If the Receiver is not satisfied with the number or terms of the Phase 2 Qualified Bids, the Receiver, in consultation with the Sale Agents and the Secured Creditor, may extend the Phase 2 Bid Deadline without Court approval.
- 44. The Receiver may terminate further participation in the Phase 2 bid process by any interested party, or modify dates or procedures in this Sale Process as deemed appropriate or necessary, or terminate the Sale Process altogether.
- 45. The Receiver may aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one or more Phase 2 Qualified Bids.

Evaluation of Competing Bids

- 46. A Phase 2 Qualified Bid will be evaluated based on several factors, including, without limitation, Purchase Price and the net value and form of consideration to be paid, the ability of the Phase 2 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 AER or other 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.
- 47. The Receiver shall have no obligation to select a Successful Bid, and the Receiver reserves the right to reject any or all Phase 2 Qualified Bids.

Selection of Successful Bid(s)

- 48. The Receiver will: (i) review and evaluate each Phase 2 Qualified Bid with the applicable Phase 2 Qualified Bidder, and such bid may be amended, modified or varied as a result of such negotiations; and (ii) identify the best bid or bids (the **Successful Bid**), and the Phase 2 Qualified Bidder making such Successful Bid (the **Successful Bidder**) for any Property in whole or in part. The determination by the Receiver shall be subject to receipt of a SAVO and, as applicable, SAVO Recognition Order.
- 49. The Sale Agents, upon receiving instructions from the Receiver, shall promptly notify the Successful Bidder in writing as to whether its bid constituted a Successful Bid.

Court Approval and Recognition; AER Matters

50. At the hearing of the application to approve any transaction with a Successful Bidder, the Receiver shall seek approval of the Court to close any Successful Bid. In the case of a Successful Bid as related to the US Property, the Receiver will seek approval of the Court, followed by recognition by the US Court. All the Phase 2 Qualified Bids, other than the Successful Bid(s), if any, shall be deemed rejected by the Receiver on and as of the date that the transaction with the Successful Bidder is closed.
51. The Receiver shall apply to the Court for a SAVO with respect to the Successful Bid(s). The SAVO application will be held on a date to be scheduled by the Receiver and confirmed by the Court upon application by the Receiver, who shall use its reasonable efforts to schedule the SAVO application on or before May 1, 2020. The SAVO application may be adjourned or rescheduled by the Receiver without further notice, by an announcement of the adjourned date at the SAVO application or in a notice to the Receiver's service list prior to the SAVO application. As soon as practicable after the SAVO is granted, the Receiver, as foreign representative, shall apply for the SAVO Recognition Order or such further and other orders as may be necessary to give effect to the SAVO in the United States.
52. In addition to Court approval and any recognition required by the US Court, the closing of any Successful Bid for any of the Property may be subject to approval of a regulatory authority. With respect to the Canadian Property, mechanisms and timing in relation to the application(s) to the AER for approval of the transfer of any AER-licensed assets comprising part of the Canadian Property will be confirmed and/or addressed as required in the PSA and SAVO, and are subject to, among other things, the nature of such assets and the characteristics of the Successful Bidder. Whether or not such license transfers are approved by the AER, and if so approved, the timing and any conditions associated with same, are at the discretion of the AER; and further, the AER's rules and regulations are subject to change.

Confidentiality and Access to Information

53. 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, Phase 1 Qualified Bidders, LOIs, Phase 2 Qualified Bidders, Phase 2 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 Secured Creditor in accordance with the terms of this Sale Process.

Supervision of Sale Process

54. 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.
55. This Sale Process does not, and will not be interpreted to create, any contractual or other legal relationship between the Receiver, the Sale Agents, and any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 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.
56. Neither the Receiver nor the Sale Agents 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 Companies, 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 Agents for any reason whatsoever.

57. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 1 Bid, Phase 2 Bid, due diligence activities and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
58. The Receiver shall have the right to modify the Sale Process and deadlines set out herein (including, without limitation, pursuant to the Bid Process Letter) if it believes, in its judgment and discretion, that such modification will enhance or better achieve the objectives of the Sale Process.

Deposits

59. All Deposits shall be retained by the Receiver and deposited in a trust account.
60. The Deposit paid by any Successful Bidder whose PSA is approved by the Court and, as applicable, recognized by the US Court, shall be applied to the Purchase Price to be paid by the Successful Bidder upon closing of the approved transaction, and shall be non-refundable.
61. The Deposit paid by any Phase 2 Qualified Bidder that is not selected as a Successful Bidder shall be returned to such bidder upon the granting of Court approval, and as applicable, recognition by the US Court.

“As Is, Where Is”

62. Any sale of Property shall 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 agents, except to the extent otherwise agreed to by the Receiver in accordance with the terms of a PSA with a Successful Bidder. Without limiting the generality of the foregoing, the Receiver makes no representations or warranties as to the accuracy or completeness of information in the Teaser Letter or the VDR, except to the extent otherwise provided under a PSA with a Successful Bidder.

Free Of Any And All Claims And Interests

63. In the event of a sale of Property, to the extent permitted by law, all of the rights, title and interests of the Receiver 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 on or against the Property (collectively, **Claims and Interests**) and such Claims and Interests shall 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), except to the extent otherwise set forth in a PSA with a Successful Bidder.

Further Orders

64. 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 – ADDRESSES FOR NOTICE

Receiver

FTI Consulting Canada Inc., in its capacity as Receiver of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Energy Hydrocarbons Inc.
520 5th Ave SW, Suite 1610
Calgary AB T2P 3R7
T: 403.454.6041
E: dustin.olver@fticonsulting.com

Attn : Dustin Olver, Corporate Finance & Restructuring

Canadian Sale Agent

CB Securities Inc.
Suite 1720, 505 3rd Street SW
Calgary AB T2P 3E6
T: 403.781.7040
E: dderouin@cbsecurities.com

Attn : Darryl Derouin, President

US Sale Agent

EnergyNet.com, Inc.
7201 I-40 West, Ste. 319
Amarillo, TX 79106
T: (713) 861-1866
E: Cody.Felton@energynet.com

Attn: Cody Felton, Vice President of Business Development