

Procedure for the Sale and Investment Solicitation Process of Long Run Exploration Ltd.

1. On July 4, 2024, China Construction Bank Toronto Branch ("**CCBT**") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") from the Alberta Court of King's Bench (the "**Court**") that commenced the CCAA proceedings (the "**CCAA Proceedings**") in respect of Long Run Exploration Ltd. ("**Long Run**" or the "**Company**") and Calgary SinoEnergy Investment Corp. (together with Long Run, the "**Debtors**") and, among other things, granted an initial stay of proceedings (the "**Stay**") in respect of the Debtors and appointed FTI Consulting Canada Inc. as monitor (the "**Monitor**"). On July 12, 2024, CCBT obtained an amended and restated version of the Initial Order from the Court (the "**ARIO**") that, among other things, extended the Stay.
2. At a court application scheduled for July 30, 2024, in the CCAA Proceedings, the Monitor intends to request the Court's approval of, among other things, a sale and investment solicitation process (the "**SISP**") as set forth herein and the Stalking Horse Subscription Agreement.
3. Below is the procedure (the "**SISP Procedure**") to be followed in the SISP to seek a Successful Bid (as defined herein), and, if there is a Successful Bid, to complete the transaction(s) contemplated by the Successful Bid.
4. All monetary references shall be in Canadian dollars (\$CAD), unless otherwise stated.

Defined Terms

5. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Stalking Horse Subscription Agreement or the Reports of the Monitor. In this SISP Procedure:

"**Alternate Transaction**" means any alternate transaction, which may include, among other things, the recapitalization of, investment in, arrangement of or reorganization of the Company, or the business of the Company as a going concern or a sale of some or all of the Property, securities held in the Company or some combination thereof, and includes a Sale Proposal or Investment Proposal;

"**Business**" means the business of the Company;

"**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 Alberta Court of King's Bench;

"**Cure Costs**" means Long Run's Pre-Filing Liabilities (if any) under any contracts being assumed by a Qualified Bidder as part of the Property;

"**DIP Credit Bid Amount**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**DIP Financing Agreement**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**Estimated Priority Payable Amount**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**Estimated Trustee Fee Amount**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**Existing Credit Agreements**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**Lenders**" means CCBT and China Construction Bank Qindao Branch;

"**Lenders Secured Debt**" means the aggregate of the principal amount and all accrued but unpaid loan administration fees, legal fees and interest incurred by the Lenders for the account of the Company that is owed to the Lenders as the senior secured creditors of the Company pursuant to the Existing Credit Agreements;

"**Pre-Filing Liabilities**" means all monetary obligations, debts and liabilities, present or future, to which Long Run is subject on July 4, 2024 or to which Long Run may become subject by reason of any obligation incurred before July 4, 2024, and which were stayed by the Initial Order;

"**Priority Payables**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**Property**" means all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof;

"**Purchase Price**" has the meaning given to it in the Stalking Horse Subscription Agreement;

"**SISP Order**" means an order of the Court approving the SISP and the SISP Procedure;

"**Stalking Horse Bidder**" means Hiking Group Shandong Jinyue Int't Trading Corporation or its nominee;

"**Stalking Horse Subscription Agreement**" means the subscription agreement between the Company and the Stalking Horse Bidder;

"**Stalking Horse Transaction**" means the transaction contemplated by the Stalking Horse Subscription Agreement;

"**Superior Bid**" means a credible, reasonably certain and financially viable Qualified Bid for (a) the acquisition of all, substantially all or a portion of the Property, or (b) an investment, restructuring, reorganization or refinancing of the Business or the Company, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Subscription Agreement; and

"**Vesting Order**" means an Order of the Court that is either a reverse vesting order or an approval and vesting order.

SISP Procedure

6. The SISP Procedure set forth herein describes, among other things, the property 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 Company, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder and the Court's approval and recognition thereof.
7. This SISP Procedure outlines the SISP, which is comprised of two phases ("**Phase 1**" and "**Phase 2**" respectively).
8. The Monitor shall administer the SISP Procedure. In the event that there is disagreement as to the interpretation or application of this SISP Procedure, the Court will have jurisdiction to hear and

resolve such dispute.

9. The Monitor, with the assistance of the Company, shall use reasonable efforts to complete the SISP Procedure in accordance with the timelines as set out in **Schedule "B"** hereto. The Monitor shall be permitted to make such adjustments to the timeline that it determines are reasonably necessary.

Opportunity

10. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Company's assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Company as a going concern, or a sale of all, substantially all, of one or more components of the Property and/or Business as a going concern or otherwise.
11. Except to the extent otherwise set forth in a definitive agreement with a Successful Bidder (as defined herein), any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company, or any of their respective agents, advisors or estates.
12. In the event of a sale pursuant to this SISP, all of the rights, title and interests of the Company in and to the Property subject to the Successful Bid(s) will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against, other than any permitted encumbrances agreed to by the Monitor and the Successful Bidder (collectively the "**Claims and Encumbrances**"), such Claims and Encumbrances to 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 a Vesting Order made by the Court, upon the application of the Company. The vesting out of Claims and Encumbrances by a Successful Bidder other than the Stalking Horse Bidder shall not be materially more favourable to the Successful Bidder than those set out in the Stalking Horse Subscription Agreement, except to the extent additional tangible monetary value of an equivalent amount is provided for the vesting out of such Claims and Encumbrances.

Stalking Horse Subscription Agreement

13. Long Run has entered into the Stalking Horse Subscription Agreement with the Stalking Horse Bidder, pursuant to which, if there is no Qualified Bid (as defined herein) from a party other than the Stalking Horse Bidder or there is no Qualified LOI (as defined herein) from a party other than the Stalking Horse Bidder following the Phase 1 Bid Deadline, the SISP will terminate and the Company will proceed to negotiate the applicable definitive agreements and close the Stalking Horse Transaction.
14. The Stalking Horse Subscription Agreement is attached hereto as **Schedule "A"**.
15. The Purchase Price, as further detailed under the Stalking Horse Subscription Agreement, is equal to the sum of:
 - (a) a cash payment to satisfy the Estimated Priority Payable Amount due on the Closing Date;
 - (b) a cash payment to satisfy the Estimated Trustee Fee Amount;
 - (c) set off in the amount of the DIP Credit Bid Amount against (as a non-cash credit reduction of) the amounts owing under the DIP Financing Agreement.

16. Provided the Stalking Horse Subscription Agreement is approved by the Court, the Stalking Horse Subscription Agreement shall constitute a Qualified LOI, Qualified Phase 1 Bid, Qualified Phase 2 Bid and Qualified Bid (as the case may be) for all purposes and at all times under this SISP Procedure and the Stalking Horse Bidder shall constitute a Qualified Phase 1 Bidder and Qualified Phase 2 Bidder (as the case may be) and the Stalking Horse Bidder is deemed to comply with all eligibility conditions contained in Paragraphs 27 and 33 hereto.

Solicitation Of Interest: Notice of the SISP

17. As soon as reasonably practicable, but in any event by no later than August 1, 2024:
- (a) the Company, in consultation with the Monitor, will prepare a list of Potential Bidders (as defined herein), including:
 - (i) parties that have approached the Company or the Monitor indicating an interest in the Opportunity; and
 - (ii) local and international strategic and financial parties who the Company, in consultation with the Monitor, believes may be interested in purchasing all or part of the Business and Property or investing in the Company pursuant to the SISP, (collectively, "**Known Potential Bidders**");
 - (b) the Monitor shall cause a notice (the "**Notice**") of the SISP Procedure and any other relevant information, to be published in the *BOE Report*, the *Daily Oil Bulletin*, the *Insolvency Insider*, and such other publications as the Monitor may consider appropriate. At the same time, the Monitor or the Company will invite bids from interested parties, by which ever means the Monitor and/or the Company deems appropriate; and
 - (c) the Company, in consultation with the Monitor, shall prepare:
 - (i) a process summary (the "**Teaser Letter**") describing the Opportunity to submit an Alternate Transaction, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and
 - (ii) a non-disclosure agreement (an "**NDA**") in form and substance satisfactory to the Company and the Monitor, and their respective counsel.
18. The Monitor shall post the Teaser Letter on its website (<http://cfcanada.fticonsulting.com/longrun/>) by no later than August 1, 2024. The Monitor shall send the Teaser Letter and NDA to each Known Potential Bidder by no later than August 1, 2024, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Company or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Phase 1: Non-Binding LOIs

Qualified Bidders and Delivery of Confidential Information

19. Unless the Monitor confirms to such potential bidder that the below documents were already provided to the satisfaction of, or are already available to, the Company and the Monitor, any party who wishes to participate in the SISP (each, a "**Potential Bidder**") must deliver to the Monitor:
- (a) an executed NDA which shall inure to the benefit of any purchaser of the Business or

Property, or any portion thereof. If the Potential Bidder has previously delivered an NDA and letter of this nature to the Company or Monitor and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter pursuant to this paragraph unless otherwise requested by the Monitor;

- (b) a letter setting forth the Potential Bidder's (i) identity, (ii) contact information and (iii) full disclosure of its direct and indirect principals; and
- (c) a form of financial disclosure and credit quality support or enhancement that allows the Company and the Monitor to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate an Alternate Transaction.

20. If the Company and the Monitor, determine that a Potential Bidder has:

- (a) delivered the documents contemplated in paragraph 19 above; and
- (b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP,

then such Potential Bidder will be deemed to be a "**Phase 1 Qualified Bidder**". For greater certainty, no Potential Bidder shall be deemed to be a Phase 1 Qualified Bidder without the approval of the Monitor.

21. At any time during Phase 1 of the SISP, the Monitor may, in its reasonable business judgment and after consultation with the Company, eliminate a Phase 1 Qualified Bidder from the SISP (other than the Stalking Horse Bidder), in which case such bidder will be eliminated from the SISP, will no longer be a Phase 1 Qualified Bidder for the purposes of this SISP, and shall have no further recourse as against the Company or the Monitor.

22. The Monitor, with the assistance of the Company, shall prepare a virtual data room (the "**VDR**") with additional information considered relevant to the Opportunity. The Company, the Monitor and their respective advisors make no representation or warranty as to the information made available pursuant to the SISP, including in the VDR, except to the extent expressly contemplated in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by the Company.

Due Diligence

23. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Company.

24. The Monitor, in consultation with the Company, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Phase 1 Qualified Bidder such access to the VDR, due diligence material and information relating to the Property and Business as the Monitor deems appropriate, provided that such Phase 1 Qualified Bidder has complied with paragraph 19(a). Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Company, in their reasonable business judgment and after consulting with the Monitor, may agree.

25. The Monitor shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such

requests must be communicated. Neither the Company nor the Monitor shall be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if the Company, in consultation with, and with the approval of, the Monitor, determines such information to represent proprietary or sensitive competitive information.

Non-Binding Letters of Intent from Phase 1 Qualified Bidders

26. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of intent (an "**LOI**") to the Monitor, with a copy to the Company, at the email addresses specified in Schedule "C" hereto, so as to be received by them not later than 5:00 PM (Calgary Time) on September 5, 2024 (the "**Phase 1 Bid Deadline**").
27. Subject to paragraph 60, an LOI will only be considered a qualified LOI (a "**Qualified LOI**") if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) other than the Stalking Horse Subscription Agreement, it does not contemplate payment of a break fee, expense reimbursement, or other form of bid protection;
 - (c) it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); or
 - (ii) make an investment in, restructure, reorganize or refinance the Business or the Company (an "**Investment Proposal**");
 - (d) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the consideration or range of consideration in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to and/or excluded from the transaction;
 - (iii) confirmation of the payment or assumption of any Cure Costs associated with the Property expected to be subject to the transaction;
 - (iv) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vii) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
 - (e) in the case of an Investment Proposal, it identifies or contains the following:

- (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Company in Canadian dollars;
 - (iii) the underlying assumptions regarding the *pro forma* capital structure;
 - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
 - (viii) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and
- (f) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Monitor or the Company.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

28. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Company, will assess the Qualified LOIs and, if it is determined that a Phase 1 Qualified Bidder that has submitted a Qualified LOI:
- (a) has a *bona fide* interest in completing an Alternate Transaction; and
 - (b) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided;

then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Monitor may, in its reasonable business judgment and, with the approval of the Company, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders, excluding the Stalking Horse Bidder from the process) taking into account the factors identified in paragraph 29 hereof and any material adverse impact on the operations and performance of the Company. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP. A Phase 1 Qualified Bidder that has submitted a Qualified LOI shall only be deemed to be a Phase 2 Qualified Bidder with the approval of the Monitor, in consultation with the Company.

29. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Monitor, in consultation with the Company, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as it considers appropriate in the circumstances including, but not limited to:
- (a) the number of Qualified LOIs received;
 - (b) the extent to which the Qualified LOIs relate to the same Property or Business or involve

Investment Proposals predicated on certain Property or Business; and

- (c) the scope of the Property or Business to which any Qualified LOIs may relate.
30. Following the determination of the manner in which to proceed to Phase 2 of the SISP in accordance with paragraphs 28 and 29 hereof, the Monitor, in consultation with the Company, may prepare a bid process letter for Phase 2 (the "**Bid Process Letter**") to be sent by the Monitor to all Phase 2 Qualified Bidders as soon as practically possible following the Phase 1 Bid Deadline.

Selection of Stalking Horse Subscription Agreement and Termination of the SISP

31. The Monitor, in consultation with the Company, may elect to terminate the SISP at a date subsequent to the Phase 1 Bid Deadline in the event that:
- (a) the Stalking Horse Subscription Agreement is the only Qualified LOI; or
 - (b) none of the Qualified LOIs in the view of the Monitor in consultation with the Company constitute a credible, reasonably certain and financially viable Qualified LOI, the terms of which are more favourable than the terms contained in the Stalking Horse Subscription Agreement.

The Monitor shall provide at least three (3) days' notice to the Company of the Monitor's intention to terminate the SISP pursuant to this paragraph.

Phase 2: Formal Offers and Selection of Successful Bidder

32. Paragraphs 33 to 46 below and the conduct of Phase 2 are subject to paragraphs 28 to 31 above, any adjustments made to Phase 2 in accordance with the Bid Process Letter, and any further Court order regarding the SISP.

Formal Binding Offers

33. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Company or their Property or Business shall submit a binding offer (a "**Phase 2 Bid**") that complies with all of the following requirements to the Monitor at the address specified in **Schedule "C"** hereto (including by e-mail), so as to be received by them not later than 5:00 PM (Calgary Time) on October 3, 2024 or as may be modified in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
- (a) the bid shall comply with all of the requirements set forth in paragraph 27 above in respect of Phase 1 Qualified LOIs;
 - (b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Company or their Property or Business and is consistent with any necessary terms and conditions established by the Company and the Monitor and communicated to Phase 2 Qualified Bidders;
 - (c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined herein), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (d) the bid includes duly authorized and executed transaction agreements, including the

purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Consideration**"), together with all exhibits and schedules thereto, including, in the case of a Sale Proposal:

- (i) a duly executed purchase and sale agreement based on the template asset purchase agreement to be prepared by the Company (the "**Template APA**"); and
 - (ii) blackline of the executed purchase and sale agreement to the Template APA;
- (e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Company and the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (f) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 1 from the Phase 2 Qualified Bidder, or (ii) obtaining financing, but may be conditioned upon the Company receiving the required approvals or amendments relating to the licences required to operate the Business, if necessary;
- (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (h) for a Sale Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the form of a wire transfer to a trust account specified by the Monitor (a "**Deposit**") in the amount of not less than 10% of the Consideration offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
- (i) for an Investment Proposal, the bid includes a Deposit in the amount of not less than 10% of the total new investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
- (j) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder:
- (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Company prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase 1 from the Phase 2 Qualified Bidder);
 - (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and
 - (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Company or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Company;
- (k) the bid is received by the Phase 2 Bid Deadline; and

- (l) the bid contemplates closing the transaction set out therein on or before October 31, 2024.
- 34. Following the Phase 2 Bid Deadline, the Monitor, together with the Company, will assess the Phase 2 Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Phase 2 Bids received shall be deemed to be Qualified Bids without the approval of the Monitor. Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
- 35. The Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constitutes a Qualified Bid within ten (10) Business Days of the Phase 2 Bid Deadline, or at such later time as the Monitor deems appropriate.
- 36. The Monitor may, with the approval of the Company, aggregate separate Phase 2 Bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

Evaluation of Competing Bids

- 37. The Monitor, in consultation with the Company, will evaluate Qualified Bids based upon several factors including, without limitation:
 - (a) the Consideration and the net value provided by such bid;
 - (b) the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions;
 - (c) the proposed transaction documents;
 - (d) factors affecting the speed, certainty and value of the transaction;
 - (e) the assets included or excluded from the bid;
 - (f) any related restructuring costs; and
 - (g) the likelihood and timing of consummating such transaction.
- 38. The Monitor must obtain the Lenders' consent for any assumption by a Phase 1 Qualified Bidder or a Phase 2 Qualified Bidder of the Lenders Secured Debt by a Qualified LOI or Qualified Bid (other than the Stalking Horse Subscription Agreement) which proposes to retain Lenders Secured Debt as a retained liability under the terms and conditions of such Qualified LOI or Qualified Bid, such consent not to be unreasonably withheld by the Lenders.

Selection of Successful Bid

- 39. The Monitor, will:
 - (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Company, in consultation with the Monitor, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Phase 2 Qualified Bid as a result of such negotiations; and
 - (b) identify the highest or otherwise best bid (the "**Successful Bid**", and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Company,

with the assistance of the Monitor shall be subject to approval by the Court.

40. With the exception of the Stalking Horse Bid, the Company shall have no obligation to enter into a Successful Bid, and it reserves the right, after consultation with the Monitor, to reject any or all Phase 2 Qualified Bids.
41. For greater certainty, if at the Phase 2 Bid Deadline, no Qualified Bids have been received that improve upon the terms and conditions of the Stalking Horse Subscription Agreement, as determined by the Monitor in consultation with the Company, the Stalking Horse Subscription Agreement will be declared the Successful Bid (and the Stalking Horse Bidder the Successful Bidder) and will close in accordance with the term so the Successful Bid and any applicable court orders.
42. If the Monitor, in consultation with the Company, determines in its reasonable discretion that, one or more of the Qualified Bids constitutes a Superior Bid, the Monitor shall provide the parties making Superior Bids and the Stalking Horse Bidder the opportunity to make further bids through the auction process set out below (the "**Auction**").

Auction

43. In the event of an Auction, the Monitor shall conduct the Auction commencing at 10:00 a.m. on October 10, 2024 at the offices of the Monitor's legal counsel, Bennett Jones LLP, Suite 4500, Bankers Hall East, 855 2 St SW, Calgary, AB T2P 4K7, or such other location as shall be timely communicated to all entities entitled to attend at the Auction, which Auction may be adjourned by the Monitor.
44. Notwithstanding the foregoing, if circumstances do not permit the Auction to be held in person, the Company shall work in good faith with the parties entitled to attend the Auction to arrange for the Auction to be held via videoconference or teleconference, or such other reasonable means as the Monitor, in consultation with the Company, deems appropriate.
45. The Auction shall run in accordance with the following procedures, which shall be adjusted accordingly in the event of any adjournment of the Auction by the Monitor:
 - (a) prior to 5:00 p.m. on October 7, 2024, the Monitor will provide unredacted copies of the Superior Bid which the Monitor believes is the highest or otherwise best Superior Bid (the "**Starting Bid**") to all Phase 2 Qualified Bidders making Superior Bids and the Stalking Horse Bidder;
 - (b) prior to 5:00 p.m. on October 8, 2024, each Phase 2 Qualified Bidders making Superior Bids and Stalking Horse Bidder must inform the Monitor by email whether it intends to participate in the Auction (the parties who so inform the Monitor that they intend to participate are hereinafter referred to as the "**Auction Bidders**");
 - (c) prior to the Auction, the Monitor shall develop a financial comparison model (the "**Comparison Model**") which will be used to compare the Starting Bid and all Subsequent Bids (as defined below) submitted during the Auction, if applicable;
 - (d) during the morning of October 9, 2024, the Monitor shall make itself available to meet with each of the Auction Bidders to review the procedures for the Auction, the mechanics of the Comparison Model, and the manner by which Subsequent Bids will be evaluated during the Auction, and the Auction shall be held immediately thereafter;
 - (e) only representatives of the Auction Bidders, the Monitor, and such other persons as

permitted by the Monitor (and the advisors to each of the foregoing entities) are entitled to attend the Auction in person (and the Monitor shall have the discretion to allow such persons to attend by teleconference);

- (f) the Monitor shall arrange to have a court reporter attend the Auction;
- (g) at the commencement of the Auction, each Auction Bidder shall be required to confirm that it has not engaged in any collusion with any other Auction Bidder with respect to the bidding or any sale;
- (h) only the Auction Bidders will be entitled to make a Subsequent Bid (as defined below) at the Auction; provided, however, that in the event that any Phase 2 Qualified Bidder elects not to attend and/or participate in the Auction, such Phase 2 Qualified Bidder's Qualified Bid, shall nevertheless remain fully enforceable against such Phase 2 Qualified Bidder if it is selected as the Winning Bid (as defined below);
- (i) all Subsequent Bids presented during the Auction shall be made and received in one room and on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;
- (j) all Auction Bidders must have at least one individual present at the Auction with authority to bind such Auction Bidder;
- (k) the Monitor may employ and announce at the Auction such additional procedural rules that are reasonable under the circumstances (including but not limited to, the amount of time allotted to make a Subsequent Bid, requirements to bid in each round, and the ability of multiple Auction Bidders to combine to present a single bid) for conducting the Auction, provided that such rules are (i) not inconsistent with these SISP Procedures, general practice in insolvency proceedings, or the Initial Order and (ii) disclosed to each Auction Bidder at the Auction;
- (l) bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (each, a "**Subsequent Bid**") that the Monitor, utilizing the Comparison Model, determines is:
 - (i) for the first round, a higher or otherwise better offer than the Starting Bid;
 - (ii) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below),

in each case by at least the minimum incremental overbid of at least \$250,000. After the first round of bidding and between each subsequent round of bidding, the Monitor shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (in each round, the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid;

- (m) to the extent not previously provided (which shall be determined by the Monitor), an Auction Bidder submitting a Subsequent Bid must submit, at the Monitor's discretion, as part of its Subsequent Bid, written evidence (in the form of financial disclosure or credit-

quality support information or enhancement reasonably acceptable to the Monitor), demonstrating such Auction Bidder's ability to close the transaction proposed by the Subsequent Bid;

- (n) the Monitor reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction of not more than 24 hours each, to among other things (i) facilitate discussions between the Monitor and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Monitor with such additional evidence as the Monitor, in its reasonable business judgment, may require that that Auction Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing overbid amount;
 - (o) if, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed;
 - (p) the Auction shall be closed within 2 Business Days of the start of the Auction unless otherwise extended by the Monitor; and
 - (q) no bids (from Phase 2 Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
46. At the end of the Auction, the Monitor shall select the winning bid (the "**Winning Bid**"). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid as selected by the Monitor (the "**Selected Superior Bid**") in accordance with the provisions hereof, the Selected Superior Bid shall be the "**Successful Bid**" hereunder and the person(s) who made the Selected Superior Offer shall be the "**Successful Bidder**" hereunder.

Confidentiality and Access to Information

47. All discussions regarding an Alternative Transaction shall be directed through the Monitor and if management presentations are requested, the Monitor shall make arrangements with Potential Bidders for same.
48. Participants and prospective participants in the SISP 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, 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 Company, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Company, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
49. The Monitor may consult with any other parties with a material interest in the CCAA Proceedings regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Monitor (subject to paragraph 48 and taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that such parties shall have entered into confidentiality arrangements satisfactory to the Company and the Monitor.

AER Approval

50. All Qualified Bids, including the Stalking Horse Bid and Successful Bid, may be submitted by the Monitor to the Alberta Energy Regulator ("AER"), on appropriate confidentiality undertakings, for review and approval by the AER. All Qualified and Subsequent Bids shall remain open for acceptance until the time that the transaction contemplated by the Successful Bid is closed.

Approval Application

51. Upon determination of the Successful Bid(s), the Company shall apply to the Court (the "**Approval Application**") for a Vesting Order approving the Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid.
52. The Approval Application will be held on a date agreed upon, and may be adjourned or rescheduled, by the Company and the Monitor.
53. All Qualified Bids and Subsequent Bids (other than the Successful Bid) shall be deemed rejected on closing of the Successful Bid and shall remain open for acceptance until that time.

Deposits

54. All Deposits shall be retained by the Monitor in a non-interest-bearing trust account located at financial institution in Canada.
55. If there is a Phase 2 Qualified Bid that constitutes a Successful Bid, the Deposit paid by the Successful Bidder shall be applied to the consideration to be paid upon closing of the transaction constituting the Successful Bid.
56. The Deposit(s) from all Qualified Bidders submitting Phase 2 Qualified Bids that do not constitute a Successful Bid shall be returned to such Qualified Bidder within five (5) Business Days of the earlier of (i) the date that the Monitor, in consultation with the Company, selects a Successful Bid pursuant to paragraphs 31 hereof or (ii) the Court declares a Successful Bid pursuant to paragraph 39 hereof, or (iii) or (iii) the Monitor has selected a Winning Bid pursuant to paragraph 46 hereof.
57. If the Qualified Bidder making a Phase 2 Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, it shall forfeit its Deposit to the Monitor for and on behalf of the Company; *provided, however*, that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Company have in respect of such breach or default.
58. If the Company is unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) then the Deposit shall be returned to the Successful Bidder as its sole remedy.

Supervision of the SISP

59. The Monitor shall oversee the conduct of the SISP in all respects. Without limitation to that supervisory role, the Monitor shall participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, and any other order of the Court, and is entitled to receive all information in relation to the SISP. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.
60. The Monitor, in consultation with the Company, may waive compliance with any one or more of the requirements of this SISP, including, for greater certainty:

- (c) deem a non-compliant LOI to be a Qualified LOI; and/or
 - (d) waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Phase 2 Bids to be a Qualified Bid.
61. This SISP does not, and shall not be interpreted to, create any contractual or other legal relationship between the Company or the Monitor and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party (other than the Stalking Horse Bidder), other than as specifically set forth in a definitive agreement that may be entered into with the Company.
62. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, the Company, or any other creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.
63. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
64. Subject to the terms of the SISP Order, the Monitor, in consultation with the Company, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; *provided that* the Potential Bidders and other participants in the SISP shall be advised of any substantive modification to the procedures set forth herein.
65. In order to discharge its duties in connection with the SISP, the Monitor may engage professional or business advisors or agents as the Monitor deems fit in its sole discretion.

Approvals

66. 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 applicable law in order to implement a Successful Bid.

Further Orders

67. At any time during the SISP the Monitor may apply to the Court for advice and directions with respect to any aspect of these SISP Procedure or the discharge of its powers and duties hereunder.

SCHEDULE "A"

STALKING HORSE SUBSCRIPTION AGREEMENT

(attached)

SCHEDULE "B"

TIMELINE

Milestone	Deadline
Long Run, Monitor and Stalking Horse Bidder to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	August 1, 2024
Long Run and Monitor to prepare and have available for Potential Bidders the Data Room	August 1, 2024
Phase 1 Bid Deadline	September 5, 2024
Phase 2 Bid Deadline	October 3, 2024
Transaction Approval Application Hearing	October 21, 2024
Closing Date Deadline	October 31, 2024

SCHEDULE "C"

NOTICE

To the Monitor:

FTI Consulting Canada Inc., the Monitor

Attention: Dustin Olver / Brett Wilson

Email: dustin.olver@fticonsulting.com / brett.wilson@fticonsulting.com

With a copy to:

Bennett Jones LLP, legal counsel to the Monitor

Attention: Kelsey Meyer / Michael Selnes

Email: meyerk@bennettjones.com / selnesm@bennettjones.com

To the Company:

Long Run Exploration Ltd., the Company

Attention: Wendy Barber

Email: wbarber@longrunexploration.com

With a copy to:

Dentons LLP, legal counsel to the Company

Attention: Bennett Wong and John Regush

Email: bennett.wong@dentons.com / john.regush@dentons.com