

COURT FILE NUMBER B201-719774
25-2719774

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



MATTER IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED, OF GS E&R CANADA INC.

APPLICANT GS E&R CANADA INC.

DOCUMENT **APPROVAL ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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DATE ON WHICH ORDER WAS PRONOUNCED: September 17, 2021

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice Jones

LOCATION OF HEARING: Calgary, AB

UPON THE APPLICATION (the “**Approval Application**”) of GS E&R Canada Inc. (“**E&R CANADA**” or the “**Debtor**”) for an order approving its proposal to creditors filed August 17, 2021 (the “**Proposal**”);

AND UPON HAVING READ the previously filed Reports of MNP Ltd. (the “**Proposal Trustee**”), the Report of Trustee on the Proposal dated August 17, 2021, and the Report of Trustee on Proposal dated September 8, 2021 (the “**Fifth Report**”);

AND UPON HAVING READ the affidavit of Jungho Park, sworn September 9, 2021 (the "**Fifth Park Affidavit**");

AND UPON NOTING the affidavit of service of Stephanie Harrison, affirmed September 14, 2021;

AND UPON reading the Proposal filed with the Office of the Superintendent of Bankruptcy Canada (the "**OSB**") on August 17, 2021 (the "**Proposal**") and described to the general meeting of creditors held on September 7, 2021 (the "**Meeting**");

AND UPON being advised that the Proposal was accepted by the requisite majorities of the Debtor's creditors;

AND UPON being satisfied that the Proposal is made in good faith, and that its terms are reasonable and calculated to benefit the general body of creditors;

AND UPON HEARING from some or all counsel for the parties present at the hearing of the Approval Application;

AND UPON NOTING the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**");

IT IS HEREBY ORDERED THAT:

Service

1. With respect to service of the Approval Application and all accompanying materials, the dissemination of the Debtor's Proposal to its creditors (the "**Creditors**"), the service of notice of the Meeting, and all other matters of technical compliance under the BIA:
 - (a) service of notice of the Approval Application and all supporting materials is abridged and is hereby deemed to be good and sufficient;
 - (b) service of the Report of Trustee on Proposal dated September 8, 2021, providing the Proposal Trustee's report of the Meeting to the Office of the Superintendent of Bankruptcy Canada following the Meeting as required by section 58(c) of the BIA is abridged and is hereby deemed to be good and sufficient;

- (c) the dissemination of the Proposal and all accompanying materials to the Debtor's Creditors has been duly effected;
- (d) proper notice of the Meeting was duly given to all Creditors entitled to vote at that Meeting;
- (e) the Meeting was duly convened and held in accordance with the provisions of the BIA; and
- (f) the distribution of the necessary materials for the Meeting is hereby deemed good and sufficient.

Approval of the Proposal

2. The Proposal is made in good faith and its terms are fair and reasonable and are calculated to benefit the general body of the Creditors.
3. The Proposal has been agreed to and approved by the requisite majorities of the Creditors as required by the BIA.
4. The Proposal attached hereto as **Schedule "A"** is hereby approved and sanctioned, is effective in accordance with its terms and is binding upon and enures to the benefit of the Debtor, the Debtor's Creditors, and all other Persons and parties named or referred to in, affected by, or subject to the Proposal, including their respective heirs, administrators, executors, legal representatives, successors and assigns, as provided in the Proposal, and in this Order.
5. Pursuant to and in accordance with the Proposal, all Proven Claims shall be final and binding on the Debtor and all Creditors, including without limitation any and all other Preferred Creditors and Unsecured Creditors, who do not provide notice of a claim by the later of the Effective Date or 30 days from the date on which the Proposal Trustee sends a notice pursuant to section 149 of the BIA, shall be and are hereby forever barred from making any Claims against the Debtor and shall not be entitled to a distribution from the Proposal Proceeds, and all other Claims shall be and are hereby forever extinguished, except for Unaffected Claims.

6. The Debtor and/or the Proposal Trustee are hereby authorized and directed to take all further actions or steps necessary or appropriate to implement and complete the Proposal, including but not limited to taking possession of the Proposal Proceeds, and making all payments and distributions required to be made under the terms of the Proposal, and such steps and actions taken are hereby approved.
7. From and after the date of the Proposal, each Creditor of the Debtor and any person affected by the Proposal shall hereby be deemed to have consented and agreed to all of the provisions of the Proposal.
8. The Debtor and the Proposal Trustee are hereby granted leave to apply to this Court for such further advice and direction or assistance as may be necessary to give effect to the terms of this Order and the Proposal.
9. Pursuant to the BIA, this Order shall have full force and effect in all provinces and territories of Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may be enforceable.
10. This Court requests the aid and recognition of any court or any judicial, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and the Proposal, and to assist the Debtor, the Proposal Trustee and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order and the Proposal or to assist the Debtor, the Proposal Trustee and their agents in carrying out the terms of this Order or the Proposal.
11. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the Approval Application;

(iii) any other parties attending or represented at the Approval Application;

and service on any other person is hereby dispensed with.

12. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



J.C.Q.B.A.

Schedule "A"

ALBERTA
COURT OF QUEEN'S BENCH
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GS E&R CANADA
INC. WITH A HEAD OFFICE IN THE CITY CALGARY, IN THE PROVINCE OF ALBERTA

PROPOSAL OF GS E&R CANADA INC.

GS E&R CANADA INC. submits the following Proposal to its Creditors pursuant to Part III, Division I of the BIA.

ARTICLE 1

DEFINITIONS

1.1 Definitions

In this Proposal:

- (a) **"Administrative Charge"** means the priority Administration Charge over the Property in favour of the Company's counsel and the Trustee and Trustee's counsel in the maximum amount of \$300,000 as granted by the Court of Queen's Bench of Alberta pursuant to the Order dated March 24, 2021;
- (b) **"Administrative Fees and Expenses"** means the proper fees, expenses, including legal fees and disbursements, of the Trustee and the Debtor, including the fees and disbursements of Stikeman, on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal;
- (c) **"Approval"** means:
 - (i) Acceptance of this Proposal by the statutory majority of Creditors in the Unsecured Creditor Class entitled to vote thereon in accordance with the relevant provisions of the BIA; and
 - (ii) The approval of this Proposal by the Court by the granting of the Approval Order, which is a Final Order.
- (d) **"Approval Order"** means an Order of the Court approving the Proposal;
- (e) **"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Filing Date;
- (f) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Calgary, Alberta;
- (g) **"Canada Pension Plan"** means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;

- (h) **"Claim"** means a claim provable in bankruptcy against the company or the Directors and includes any indebtedness, liability, action, cause of action, suit, debt, account, bond covenant, counterclaim, demand, claim, right and obligation of any kind of the Company to any person, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to make a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or as of the Filing Date and a reference to a "Claim" or "Claims": shall include, as the case may be, Convenience Claims, Preferred Claims; D&O Claims; Lienholder Claims; and Restructuring Claims;
- (i) **"Company"** means GS E&R CANADA INC.;
- (j) **"Court"** means the Alberta Court of Queen's Bench (in Bankruptcy and Insolvency);
- (k) **"Creditor"** means any Person, having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (l) **"Creditors' Meeting"** means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (m) **"Creditors' Meeting Date"** means the date and time as may be called by the Trustee for the meeting of creditors to consider this Proposal, but in any event will be no later than twenty-one (21) days following the Proposal Date;
- (n) **"Debtor"** means GS E&R CANADA INC.;
- (o) **"Disputed Claim"** means any Claim that has been received by the Proposal Trustee in accordance with the terms of this Proposal and the BIA but has not been accepted as proven or which is being disputed in whole or in part by the Trustee, or any other person entitled to do so and has not been resolved by agreement of by Order of the Court.
- (p) **"Disputed Creditor"** means a person holding a Disputed Claim to the extent of its Disputed Claim.
- (q) **"D&O Claim"** means the right of any Person against one or more of the Directors or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to make a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, including any right of contribution or indemnity, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer;
- (r) **"Directors"** means all current and former directors (or their estates) of the Debtor, in such capacity, and "Director" means any one of them;
- (s) **"Employee Creditors"** means employees and former employees of the Debtor, if any, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under **paragraph 136(1)(d)** of the BIA

if the Debtor became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period;

- (t) "**Employment Insurance Act**" means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (u) "**Filing Date**" means March 11, 2021 (the date the Debtor filed a Notice of Intention to Make a Proposal);
- (v) "**Implementation Date**" means the date upon which the conditions set forth in **Section 7.4** have been satisfied or, if applicable, waived;
- (w) "**Income Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (x) "**Officer**" means all current and former officers (or their estates) of the Debtor, in such capacity, and "Officer" means any one of them;
- (y) "**Official Receiver**" will have the meaning ascribed thereto in the BIA;
- (z) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (aa) "**Post-Filing Claim**" means any Claims arising in respect of services rendered, goods supplied or other consideration given to the Debtor after the Filing Date;
- (bb) "**Preferred Claim**" means that portion of a Claim that is accepted by the Proposal Trustee as entitling the Creditor to receive payment in priority to other Creditors as provided in section 136 of the BIA;
- (cc) "**Preferred Creditors**" means holders of Preferred Claims and includes Employee Creditors;
- (dd) "**Proof of Claim**" will mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;
- (ee) "**Proposal**" means this proposal together with any amendments or additions thereto;
- (ff) "**Proposal Date**" means the date of the filing of the Proposal with the Official Receiver;
- (gg) "**Proposal Proceeds**" has the meaning ascribed in **Section 5.1**;
- (hh) "**Proven Claim**" of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the BIA;
- (ii) "**Related Creditor**" means GS E&R INC. which is considered a related person to the Debtor pursuant to **section 4.2** of the BIA.
- (jj) "**Restructuring Claims**" mean claims arising as a result of the restructuring including the claims of terminated employees for severance and termination and claims arising as a result of the Debtor's repudiation or disclaimer of a contract after the Filing Date pursuant to **section 65.11** of the BIA;

- (kk) **"Source Deduction Creditors"** means Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the time of the Filing Date and are of a kind that could be subject to a demand under,
- (i) **subsection 224(1.2)** of the *Income Tax Act*;
 - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to **subsection 224(1.2)** of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
 - (iii) any provision of provincial legislation that has a similar purpose to **subsection 224(1.2)** of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
 - (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in **subsection 3(1)** of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (ll) **"Secured Creditor"** means a person holding a mortgage, hypothec, charge, pledge, charge or lien on or against the property or assets of the Debtor as security for a debt due or accruing due to the person from the Debtor;
- (mm) **"Stikeman"** means Stikeman Elliott LLP, legal counsel to the Debtor;
- (nn) **"Trustee"** means MNP Ltd., solely in its capacity as the proposal trustee of the Debtor, or its duly appointed successor or successors and not in its personal capacity;
- (oo) **"Unaffected Creditors"** means the British Columbia Oil and Gas Commission, to the extent they are a creditor for Abandonment, Reclamation and other regulated obligations;
- (pp) **"Unsecured Claim"** means the amount of an Unsecured Creditor's Claim, as determined under Article 3, and includes any Preferred Claim, Convenience Claim, D&O Claim and Restructuring Claim;
- (qq) **"Unsecured Creditors"** means Creditors with Unsecured Claims;
- (rr) **"Voting Letter"** will mean the voting letter required by **section 51(1)** of the BIA to be mailed to each known Creditor prior to the Unsecured Creditors' Meeting.

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.5 Time

All times expressed herein are local times in Calgary, Alberta, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time will be deemed to be 5:00 p.m. local time in Calgary, Alberta, Canada.

1.6 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2

PURPOSE AND EFFECT OF PROPOSAL

2.1 Purpose

The purpose of this Proposal is to deal with the obligations of the Company following the sale of its assets. It is believed that all stakeholders of the Company including its Creditors and government regulators will derive a greater benefit from distributions made under this Proposal, rather than distributions (if any) under a bankruptcy. This Proposal will also provide for a full and final satisfaction of all Unsecured Claims and releases of third parties.

This Proposal applies to all Unsecured Creditors, but does not apply to Secured Creditors, or Unaffected Creditors, who are unaffected by the Proposal.

For the purpose of voting on the Proposal, the Unsecured Creditors of the Debtor shall be comprised of and vote in a single class of Unsecured Creditors.

Effect of Proposal

This Proposal will, be binding on the Debtor and all Unsecured Creditors, and effective on the Implementation Date, all Unsecured Claims shall be discharged and the Company shall thereon be released from all Unsecured Claims, other than the obligation to make payment in the manner and to the extent described in this Proposal, which payment shall be effected by the Trustee under enhanced powers granted by the Court.

2.2 Secured Creditors

The Claim of each Secured Creditor will be paid by the Debtor in accordance with agreements between the Debtor and the Secured Creditor or as otherwise agreed between the Secured Creditor and the Debtor. The Claims of Secured Creditors are not affected by this Proposal.

2.3 Administrative Fees and Expenses

The Administrative Fees and Expenses will be paid in full by the Debtor from operations, and the Administrative Charge acts as security for such fees and expenses, in accordance with the terms of the March 24 Order.

2.4 Preferred Creditors

The Proven Claims of the Preferred Creditors (excluding the Employee Claims) of the Debtor will be paid in full in priority to the Proven Claims of other Unsecured Creditors in accordance with the BIA and the Proposal.

2.5 Employee Creditors

The Proven Claims of the Employee Creditors, if any, will be satisfied or paid as provided by Article 6.

2.6 Unsecured Creditors

The Proven Claims of the Unsecured Creditors of the Debtor will be satisfied or paid as provided by Article 6.

2.7 Post-Filing Claims

Post-Filing Claims will be paid in full by the Debtor in the ordinary course of business and on regular trade terms, or as may otherwise be arranged with the holders of such Post-Filing Claims.

ARTICLE 3

PROCEDURE FOR VALIDATION AND VALUATION OF CLAIMS

3.1 Filing of Proofs of Claim

In order to vote on, or to receive a distribution under this Proposal, each Unsecured Creditor must file a Proof of Claim with the Trustee as required by the BIA. Unsecured Creditors who have filed a Proof of Claim will receive a distribution in accordance with Article 6 based on their Proven Claims.

3.2 Allowance of Claims

Upon receipt of a completed Proof of Claim, the Trustee will examine the Proof of Claim and will, in consultation with the Debtor, deal with each Proof of Claim in accordance with the provisions of the BIA.

3.3 Procedure for the Valuation of Claims

The procedure for: (a) determining and valuing Claims of the Unsecured Creditors that are contingent or unliquidated; and (b) disallowing and resolving disputes with respect to Claims will be as set forth in Section 135 of the BIA.

The Proposal Trustee reserves the right to seek the assistance of the Court in valuing the claim of any Unsecured Creditor, if required, to ascertain the result of any vote on this Proposal or the amount payable or to be distributed to such Creditor under this Proposal, as the case may be.

ARTICLE 4

MEETING OF CREDITORS

4.1 Unsecured Creditors' Meeting

On the Creditors' Meeting Date, the Trustee will hold a Creditors' Meeting in order for the Creditors to consider and vote upon the Proposal.

4.2 Time and Place of Meeting

The Creditors Meeting will be held on the Creditors' Meeting Date. Due to the social distancing measures currently mandated by provincial governments in response to the Covid-19 epidemic, the Creditors Meeting will be held virtually, on such terms and parameters as the Trustee considers appropriate, with video and teleconference access for any Creditors who wish to virtually attend. The Trustee may engage a third-party service provider to virtually host the Creditors Meeting. The Trustee shall provide all known Creditors with the necessary connection, dial-in and other information about the Creditors Meeting. Unless otherwise ordered by the Court, the Creditors' Meeting will be held at a time to be established by the Official Receiver, or the nominee thereof, and confirmed in the notice of Creditors' Meeting to be mailed to Creditors pursuant to the BIA.

4.3 Conduct of Meetings

The Official Receiver or the nominee thereof, will preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other person may be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Unsecured Creditors.

4.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with section 52 of the BIA.

4.5 Voting by Creditors

Persons virtually in attendance at the Creditors Meeting by video or teleconference who are eligible to vote shall cast their vote in the manner prescribed by the Trustee. All votes will be recorded and tabulated by the Trustee, who may seek the assistance of the Court with respect to any dispute arising from or out of the tabulation of votes. Any Proof of Claim in respect of a Claim of an Unsecured Creditor that is not a Proven Claim as at the Creditors' Meeting Date will be marked as objected to in accordance with section 108(3) of the BIA. Related Creditors and Secured Creditors will not be entitled to vote at the Creditors' Meeting.

4.6 Approval by Creditors

In order that the Proposal be binding on all of the Unsecured Creditors of a Debtor in accordance with the BIA, it must first be accepted by the Unsecured Creditors of the Debtor by a majority in number of the Unsecured Creditors with Proven Claims who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, which represent two-thirds in value of the Proven Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

Voting Letters as provided for in the BIA submitted to the Trustee prior to the Creditors' Meeting must indicate whether the Unsecured Creditors wishes to cast its vote in favour of or against the Proposal. Voting Letters that do not indicate any preference **will be deemed to indicate a vote in favour of the Proposal.**

4.7 Appointment of Inspectors

At the Meeting of Creditors the Unsecured Creditors may appoint up to five (5) Inspectors whose powers will be limited to: (a) advising the Trustee concerning any dispute which may arise as to the validity or valuation of Claims; and (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them. Any decision, direction or act of the Inspectors may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it deems just. The authority and term of office of the Inspectors will terminate upon the discharge of the Proposal Trustee.

ARTICLE 5

FUNDING OF PROPOSAL

5.1 Funding of the Proposal

Conditional only on: (a) the approval of the Proposal by the Unsecured Creditors of the Debtor and; (b) the making of the Approval Order, the Debtor will assign to the Trustee the sum total of funds remaining in the Company after closing of the Transaction with Bench Creek Resources Ltd., after deduction for amounts representing administrative and professional fees and costs for the Proposal Proceedings and payment of post filing creditors, including the SISP and the anticipated costs for administration of the Proposal ("**Proposal Proceeds**") for distribution to the Unsecured and Preferred Creditors of the Debtor with Proven Claims in accordance with Article 6.

5.2 Holding of Proposal Proceeds

The Proposal Proceeds will be held by the Trustee for distribution to the Unsecured Creditors of the Debtor in accordance with **Section 6.5**

ARTICLE 6

DISTRIBUTION

6.1 Payment of Administrative Fees and Expenses

The Administrative Fees and Expenses up to and including the making of the Approval Order and a further amount for estimated expenses of administering the Proposal proceeding until distribution, will be paid in full by the Debtor on the Business Date that is no later than ten (10) Business Days after the Implementation Date.

6.2 Payment of Employee Creditors

The Claims, if any, of the Employee Creditors with Proven Claims will be paid or satisfied immediately after the making of the Approval Order from funds on hand in the ordinary course.

6.3 Payment of Source Deduction Creditors

Unless Her Majesty agrees otherwise, the Proven Claims, if any, of the Source Deduction Creditors will be paid or satisfied immediately after the making of the Approval Order from funds on hand in the ordinary course.

6.4 Requirement to File Proofs of Claim

On or before the Implementation Date the Trustee will deliver notice pursuant to **section 149(1)** of the BIA requiring that any of the Debtor's Unsecured Creditors that have not filed a Proof of Claim to file a Proof of Claim within thirty (30) days ("**Claims Deadline**").

6.5 Distribution to Unsecured Creditors

Distribution to unsecured Creditors following the Claim Deadline and the determination of Proven Claims, the Proposal Proceeds will be distributed by the Trustee as follows:

- (a) First, to each Preferred Creditor of the Debtor in respect of its Proven Claim in the priority established by the BIA;
- (b) Second, the remaining Proposal Proceeds will be paid to each Unsecured Creditor, *pro rata* based on the proportion that the Proven Claim of such Unsecured Creditor bears to the total Proven Claims of all Unsecured Creditors, up to the full amount of that Unsecured Creditor's Proven Claim, together with interest after the filing date at the rate of 5% per annum, if applicable; and
- (c) Third, if the Proposal Proceeds exceed the amount necessary to pay all of the Unsecured Creditors' Proven Claims in full (the "Surplus Proposal Proceeds"), each Unsecured Creditor will receive interest of 5% per annum on their Proven Claim to the date of payment, provided that if the Surplus Proposal Proceeds are not sufficient to pay 5% per annum on each Unsecured Creditor's Proven Claim to the date of payment, the Surplus Proposal Proceeds will be paid to each Unsecured Creditor *pro rata* based on the proportion that the Proven Claim of such Unsecured Creditor bears to the total Proven Claims of all Unsecured Creditors.

6.6 Levy

Payments to each Creditor in respect of Proven Claims will be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA and the Trustee will remit the amount of such levy to the Office of the Superintendent of Bankruptcy contemporaneous with the distributions to Unsecured Creditors.

6.7 Discharge of Trustee

Upon the payment and distribution by the Trustee of the amounts contemplated in this **Article 6**, the Trustee will have discharged its duties as Trustee and the Trustee will be entitled to apply for its discharge as Trustee. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred

upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

ARTICLE 7

MISCELLANEOUS

7.1 Compromise Effective for all Purposes

The provisions of this Proposal will be binding upon each Creditor, their heirs, executors, administrators, successors and assigns, for all purposes.

7.2 Modification of Proposal

The Debtor may propose an alteration or modification to the Proposal prior to the vote taking place on the Proposal. After the Creditors Meeting (and both prior to and subsequent to the issuance of the Approval Order) and subject to the consent of the Trustee, the Debtor may at any time and from time to time vary, amend, modify or supplement the Proposal if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature or would not be materially prejudicial to the interest of any of the Creditors under the Proposal and is necessary in order to give effect to the substance of the Proposal or the Approval Order.

7.3 Consents, Waivers and Releases

As at 12:01 a.m. on the Implementation Date, each Unsecured Creditor and Unaffected Creditor will be deemed:

- (a) to have executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Unsecured Creditor and Unaffected Creditor and the Debtor that has occurred on or prior to the Implementation Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Unsecured Creditor and Unaffected Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation Date) and the provisions of this Proposal, that the provisions of this Proposal will take precedence and priority and the provisions of such agreement or other arrangement will be amended accordingly; and
- (d) to have released the Debtor, the Trustee and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein, including any liabilities relating to sections 45 and 62 of the *Oil and Gas Activities Act*, SBC 2008 Ch. 36.

- (e) to have released the Directors and Officers of the Debtor of all D&O Claims, and any claims pursuant to section 50(13) of the BIA.

provided that nothing herein will release the Debtor of its obligation to make the payments contemplated in this Proposal or to comply with any of its obligations thereunder.

7.4 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) The acceptance of the Proposal by the Unsecured Creditors of the Debtor; and
- (b) The making of an Approval Order in respect of the Debtor and the expiry of all appeal periods, provided that the Debtor may agree to waive the expiry of the appeal period in respect of the Approval Order.

7.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date:

- (a) The treatment of all Claims under the Proposal will be final and binding on the Debtor and all Unsecured Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns); and
- (b) The Proposal will constitute: (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of said Claims,

provided that nothing herein will release the Debtor of its obligation to make the payments contemplated in this Proposal or to comply with any of its obligations thereunder.

7.6 Conduct of Debtor's Business

Subject to any Order made by the Court, the Debtor will remain in possession and control of its property and assets at all times, both before and after implementation of this Proposal.

ARTICLE 8

AVOIDANCE OF TRANSACTION

8.1 Avoidance Proceedings

Sections 95 to 101 of the BIA will not apply in respect of the Debtor or this Proposal.

ARTICLE 9

GENERAL

9.1 Notices

Any notices or communication to be made or given hereunder will be in writing and will refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail, telecopier or by email addressed to the respective parties as follows:

- (a) if to the Debtor

GS E&R Canada Inc.,
c/o Stikeman Elliott LLP
Attention: Karen Fellowes
Telephone: 1 403 724 9469
Email: kfellowes@stikeman.com

- (b) if to an Unsecured Creditor, to the address, telecopier number or email address for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no Proof of Claim has been filed, to such other address, telecopier number or email address at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted; and

- (c) if to the Trustee:

MNP Ltd.
Proposal Trustee of GS E&R CANADA INC.
Attention: Victor Kroeger
Telephone: 1 403 298 8479
Email: vic.kroeger@mnp.ca

or to such other address or email address as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by email or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in to case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

9.2 Notice of Presentation of Approval Application

Each of the Creditors and the Official Receiver (as defined by and appointed under the BIA) are hereby given notice that, after acceptance of this Proposal by the Creditors in accordance with the relevant provisions of the BIA, the Company will present an application to the Court seeking the Approval Order on September 17, 2021 or so soon thereafter as counsel may be heard.

9.3 Foreign Currency Obligations

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Filing Date.

9.4 Applicable Law

This Proposal will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and will be treated in all respects as an Alberta contract.


9.5 Deeming Provisions

In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

DATED at the City of Calgary, in the Province of Alberta, this 17 day of AUGUST 2021.

GS E&R Canada Inc.

Per: 
Name: Jungho Park

Title: Managing Director

I have authority to bind the corporation.