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COURT FILE NO. B201 719774
25-2719774

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF: GS E&R CANADA INC.

DOCUMENT **FIRST REPORT OF MNP LTD., PROPOSAL TRUSTEE**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING
THIS DOCUMENT

COUNSEL
LAWSON LUNDELL LLP
3700 – 205 5th Avenue SW
CALGARY, AB T2P 2V7

ATTN: ALEXIS TEASDALE
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EMAIL: ateasdale@lawsonlundell.com

PROPOSAL TRUSTEE
MNP LTD.
1500, 640 – 5 AVENUE SW
CALGARY, AB T2P 3G4

ATTN: VICTOR P. KROEGER
TEL: 403.298.8479
FAX: 403.537.8437
EMAIL: vic.kroeger@mnp.ca

APPENDICES

APPENDIX A Trustee's report on Cash Flow Statement by Person Making a Proposal (Forms 29 and 30) for the Projected Statement of Cash Flow for the Period Ending May 31, 2021.

APPENDIX B Draft Sayer Engagement Letter with Sayer redacted for the fee structure.

INTRODUCTION AND LIMITATIONS

1. On March 11, 2021, GS E&R Canada Inc. (the “Company”) filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to the *Bankruptcy and Insolvency Act* (“BIA”) and MNP Ltd. consented to act as trustee of the proposal (the “Proposal Trustee”). The original documentation was erroneously filed under the name GS E&R Canada Ltd. and MNP Ltd. has provided the Office of the Superintendent of Bankruptcy (the “OSB”) with updated filing documentation on March 16, 2021. On March 18th, 2021 the OSB issued a new certificate of filing with the Company’s correct name.
2. This is the Proposal Trustee’s first report to the Court of Queen’s Bench of Alberta (the “Court”) (the “First Report”). All references to currency are in Canadian dollars unless otherwise stated.
3. In preparing the First Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company’s books and records, and information from other third-party sources (collectively, the “Information”). The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance or other standards established by the Chartered Professional Accountants of Canada.
4. A copy of the First Report and other relevant documents in the Company’s restructuring proceedings will also be available on the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/corporate-engagements/gseandr-canada>

PURPOSE OF THE REPORT

5. The purpose of the First Report is to provide the Court and other interested parties with:
 - a. Background information on the Company, its operations, creditors, current financial state and restructuring efforts to date;
 - b. The Proposal Trustee’s position relating to the Company’s application for an administration charge (the “Admin Charge”);
 - c. The Proposal Trustee’s position relating to the Company’s application for a directors and officers charge (the “D&O Charge”);
 - d. The Proposal Trustee’s position with respect to a proposed sale and investment solicitation process (“SISP”) and its views on the Company’s request that this Honourable Court authorize the Proposal Trustee to engage Sayer Energy Advisors (“Sayer”) to manage the SISP; and
 - e. Information on the Company’s application seeking the Court’s approval of an extension of the time period for the Company to file its proposal until May 25, 2021 (the “Extension Period”).

BACKGROUND

6. The Company is a privately-owned company, incorporated under the *Business Corporations Act (Alberta)* and extra-provincially registered in British Columbia. Mr. Jungho Park was authorized in a meeting of the Company's board of directors to sign the NOI.
7. The Company is engaged in energy exploration and production. The Company's head office is in Calgary, Alberta, and its operations are located chiefly in Fort Nelson, British Columbia. The Company's voting shares are entirely held by GS E&R Corp., a corporation with its registered office address at 508, Nonhyeon-Ro, Gangnam-GU, Seoul, Republic of Korea. (the "Parent").
8. According to the Company, it has been experiencing financial difficulty over the past several years. The Company has not been profitable and has reported net losses on a consistent basis.
9. The losses have been due to a variety of factors, including significant reductions in oil and gas prices and commodity demand caused in part by the effects of the COVID-19 pandemic, declining production rates due to a lack of capital investment and the inability to undertake certain repairs due to lack of funds. Operating expenses have been and continue to be funded with additional capital injections from the Parent with the most recent funding occurring on December 18, 2020 in the amount of \$700,000.
10. Since 2019, the Company has attempted to restructure its financial affairs, including making several attempts to sell the Company or its assets *en bloc* in order to cease incurring losses and to assign any abandonment and reclamation obligations to a solvent purchaser. However, those efforts have proven unsuccessful, as previous potential purchasers have failed to close the transaction. The Company's ongoing losses and failed efforts to restructure led the Company to file its NOI on March 11, 2021.

CREDITOR CLAIMS

11. The potential creditor claims against the Company, based on the NOI filing documents, are summarized as follows:

Secured debt: \$507,553.65

Unsecured debt: \$4,313,938.00
12. The secured debt consists primarily of amounts due to The Toronto Dominion Bank ("TD") totaling approximately \$475,000 and The Driving Force ("TDF") totaling approximately \$32,553.
13. We have not yet obtained security opinions on the validity and enforceability of the secured creditors' claims.
14. The unsecured debt is due to an outstanding liability to the British Columbia Oil and Gas Commission ("BCOGC") as a security deposit for potential future environmental reclamation costs.

CASH FLOW STATEMENT AND VARIANCE ANALYSIS

15. The Company prepared its projected statement of cash flow (the "Cash Flow Statement") for the period from March 8, 2021 to May 31, 2021 (the "Cash Flow Period") which is attached to its Report on Cash Flow Statement ("Form 30"). Copies of the Cash Flow Statement and Form 30 are attached hereto as Appendix "A". A summary of the estimated cashflow from the Cash Flow Statement is below:

GE E&R Canada Inc.
Summary of Estimated Cash Flow
For the Period from March 8 to May 31, 2021

Opening Cash - March 8, 2021	\$ 1,926,000
Production Revenue Receipts	<u>1,736,000</u>
Subtotal	<u>3,662,000</u>
Cash Disbursements	
Field Operating Costs	1,198,000
Crown Rentals	69,000
Administration Costs	164,000
Carbon Tax & B.C Production Levy	76,000
Contingency	<u>165,000</u>
Total Cash Receipts before Restructuring Costs	<u>1,672,000</u>
Net Cash before Restructuring Costs	1,990,000
Restructuring Costs	<u>310,000</u>
Net Estimated Cash - May 31, 2021	<u>\$ 1,680,000</u>

16. From review of the Cash Flow Statement, the Proposal Trustee notes that after taking into account production revenue receipts and all cash disbursements, the Company should have sufficient cash to carry on operations during the period to May 31, 2021, which date is beyond the Extension Period.

CONTINUING OPERATIONS

17. The Company believes that maintaining its continued operations during the Cash Flow Period is essential to preserve the value of the Company and its assets.
18. Prior to the NOI filing, the Company issued shares for cash to the Parent which it believes will provide sufficient capital to operate its business during the Cash Flow Period. At this time, the Proposal Trustee and the Company do not anticipate that interim financing will be required based on the Cash Flow Statement.

ADMINISTRATION CHARGE AND D&O CHARGE

19. The Company is seeking an Admin Charge of \$300,000 to rank in priority to all creditor claims against the assets of the Company. The Admin Charge is sought in order to provide sufficient security for the restructuring costs to be incurred by the Proposal Trustee, its legal counsel and legal counsel for the Company during the NOI proceedings. In the Proposal Trustee's view, the Admin Charge will allow the effective participation of the Company's professional advisors in these proceedings. Provided timely payments of accounts issued by the restructuring professionals are made, then the Admin Charge will provide adequate coverage during the NOI proceedings.
20. The Company is also seeking a D&O Charge of \$100,000 to rank in priority to all creditor claims except the Admin Charge against the assets of the Company. The D&O Charge is sought in order to provide the Company's directors and officers with protection against personal liability during the Company's

NOI proceedings for amounts not covered by the Company's existing D&O insurance policy. The Proposal Trustee is of the view that the continued experienced management of the Company by its directors and officers will increase the likelihood of a successful NOI process, and that the D&O Charge is necessary for the directors' and officers' participation in the proceedings.

SALE AND INVESTMENT SOLICITATION PROCESS

21. The Proposal Trustee has negotiated a draft engagement letter with Sayer (the "Sayer Engagement Letter"), by which Sayer will carry out the proposed SISP under the direction and management of the Proposal Trustee, in order to facilitate a sale of the Company, a sale of the Company's assets or to allow for an investment in the Company. The Sayer Engagement Letter will be entered into upon this Honourable Court approving the SISP and authorizing the Proposal Trustee's engagement of Sayer.
22. The Proposal Trustee is satisfied that the financial and other terms and conditions of the Sayer Engagement Letter are commercially reasonable.
23. Sayer has requested that the fee structure contained in the Sayer Engagement Letter not be disclosed to preserve its competitive confidentiality. Therefore, a redacted copy of the Sayer Engagement Letter removing the details of Sayer's fee structure is attached hereto as Appendix B.
24. A copy of the unredacted Sayer Engagement Letter is attached to the Proposal Trustee's Confidential Supplement to the First Report. The Proposal Trustee believes it is appropriate to seal the Confidential Supplement on the Court File, given the commercially sensitive information contained therein. It is typical in insolvency proceedings for commercially sensitive information of a similar nature to be sealed on the Court file in order to protect the legitimate commercial interests of advisors like Sayer.
25. The proposed milestones and estimated deadlines for the SISP procedure, including an Approval Hearing, are as follows:

Milestones	Estimated Deadlines
Establishment of a virtual data room	Week of April 12, 2021
Commencement by Sayer of the issuance of a solicitation package (including teaser, confidential information memorandum and non-disclosure agreement).	Week of April 12, 2021
Placing of advertising	Week of April 12, 2021
Due Diligence End Date for Potential Bidders	May 13, 2021
Phase I Bid Deadline	May 13, 2021
Determination of the Successful Bidder(s)	Week of May 24, 2021
Approval Hearing	June, 2021

Closing of the transaction contemplated in the Successful Bid(s) 30 days after Court approval of the sale(s)

26. The Proposal Trustee believes that the SISP will provide certainty to the Company's creditors and, if successful, will establish whether the Company will be in a position to make a proposal to its unsecured creditors.

PROPOSAL TRUSTEE'S LEGAL COUNSEL

27. The Proposal Trustee has retained Lawson Lundell LLP ("Lawson") to act as its legal counsel in the NOI proceedings.
28. During the course of the NOI proceedings, Lawson will provide security reviews, review advisor engagement letters, assist in the SISP in reviewing purchase agreements, assist the Proposal Trustee in dealings with regulators, court attendances, and any other legal services required by the Proposal Trustee.

REQUEST FOR EXTENSION

29. Pursuant to the BIA, the Company must file a Proposal no later than April 10, 2021 unless an extension is granted by the Court.
30. Since the date of the NOI the Company has been taking steps towards its restructuring efforts including:
- a. Meeting with the Proposal Trustee and assisting in developing cash flow reports;
 - b. Meeting with the Proposal Trustee with respect to upcoming discussions with the BCOGC;
 - c. Meeting with its critical vendors and suppliers and answering their questions with respect to the NOI process;
 - d. Meeting with Sayer and the Proposal Trustee in order to develop the SISP and to populate the data room with necessary information;
 - e. Reviewing its operating expenses and taking other steps to ensure the Company remains financially viable without recourse to interim financing during the restructuring process.
31. The Proposal Trustee is of the view that the continued operations of the Company and the commencement of the SISP will preserve the value of the Company and its assets for the creditors, and more generally, is in the best interests of all of the Company's stakeholders.
32. Should the SISP result in adequate offers, a further extension of the stay of proceedings will be required to allow for the finalization of the offer(s), Court approval of the offer(s) and to allow for the closing of the transaction(s).
33. The Company is requesting an extension of the stay of proceedings until May 25, 2021.

CONCLUSIONS AND RECOMMENDATIONS

34. The Proposal Trustee is of the view that continued operations of the Company should enhance the value of the Company for the creditors, and more generally, is in the best interests of all of the Company's stakeholders. In addition:
- a. The Proposal Trustee believes the Company will likely be able to make a viable proposal if an extension of time for the Company to file a proposal is granted;
 - b. The Company will continue the restructuring of its business and affairs, which will include the cutting of costs, the minimization of returns and the implementation of a viable exit strategy, all of which is in the best interests of, and will assist the Company in making a viable proposal to, its creditors;
 - c. The Proposal Trustee is of the view that the actions of the Company to continue its operations and to assist with the SISP will preserve the value of the Company for the creditors, and more generally, is in the best interests of all the Company's stakeholders;
 - d. The Proposal Trustee is of the view that the \$300,000 Admin Charge in favour of the Company's legal counsel, the Proposal Trustee and Lawson is appropriate in order to secure the payment of their fees in the context of the NOI;
 - e. The Proposal Trustee is of the view that the \$100,000 D&O Charge to indemnify the directors and officers in respect of the liability which they may incur over the course of the NOI is appropriate to the extent that any liability is not covered by the existing D&O insurance coverage;
 - f. The Proposal Trustee is also of the view that the Company is acting in good faith and with due diligence in taking steps to resolve any outstanding issues and claims of creditors in order that it might be in a position to make a proposal to its creditors;
 - g. The Proposal Trustee believes that the terms of the Sayer Engagement Letter are commercially reasonable and supports the proposed SISP and the timeframes outlined therein, subject to the approval of this Honourable Court; and
 - h. The Proposal Trustee does not believe that any creditor would be materially prejudiced if an extension of time for the Company to file a proposal is granted.

All of which is respectfully submitted this 18th day of March 2021.

MNP Ltd. in its capacity as Proposal Trustee in the
Notice of Intention to Make a Proposal of GS E&R
Canada Inc. and not in its personal capacity

Per: 

Victor P. Kroeger CPA, CA, LIT, CIRP, CFE
Senior Vice President

Appendix A

APPENDIX A

GE E&R Canada Inc. (the "Company")
Statement of Weekly Projected Cash Flow
For the period from March 8 to May 31, 2021

Court No.: 25-2719774
Estate No.: 25-2719774

Notes	week 1	week 2	week 3	week 4	week 5	week 6	week 7	week 8	week 9	week 10	week 11	week 12	week 13	Total	
	2021-03-08	2021-03-15	2021-03-22	2021-03-29	2021-04-05	2021-04-12	2021-04-19	2021-04-26	2021-05-03	2021-05-10	2021-05-17	2021-05-24	2021-05-31	Total	
Opening Balance	\$ 1,925,510	\$ 1,925,510	\$ 1,878,843	\$ 2,603,574	\$ 2,054,101	\$ 2,054,101	\$ 2,001,601	\$ 2,496,763	\$ 1,811,952	\$ 1,811,952	\$ 1,759,452	\$ 1,759,452	\$ 1,688,119	\$ 1,925,510	
Cash inflows															
Operated revenue (after royalties)	1		724,731				495,162					510,868		1,730,760	
Other	2			1,800				1,800				1,800		5,400	
Total inflows		\$ -	\$ -	\$ 724,731	\$ 1,800	\$ -	\$ -	\$ 495,162	\$ 1,800	\$ -	\$ -	\$ -	\$ 512,668	\$ -	\$ 1,736,160
Cash outflows															
Field Operators	3	29,667		29,667		31,500		31,500		31,500		31,500		185,333	
Field Operating costs	4			153,028				133,178				140,128		426,333	
Trucking, Waste/Water Disposal and Pipeline Costs	5			194,813				187,556				204,282		586,650	
Crown Rentals (P&NG and Surface)	6							61,907				7,183		69,090	
Contingency				50,000				50,000				50,000		150,000	
Total Field Operations & Related		\$ -	\$ 29,667	\$ -	\$ 427,507	\$ -	\$ 31,500	\$ -	\$ 464,140	\$ -	\$ 31,500	\$ -	\$ 433,093	\$ -	\$ 1,417,406
Software & Computer				1,720				1,720				1,720		5,160	
Management Fees (Salaries&benefit)	7		17,000	16,000		21,000		29,000		21,000		24,000	5,500	133,500	
Consultants & legal costs	8			2,800				6,800				2,800		12,400	
Office Rent Only				3,000				3,000					3,000	9,000	
Storage, Phones, Supplies, etc.				685				685				685		2,055	
Meals & Entertainment				500				500				500		1,500	
Contingency				5,000				5,000				5,000		15,000	
Total Office & Related		\$ -	\$ 17,000	\$ -	\$ 29,705	\$ -	\$ 21,000	\$ -	\$ 46,705	\$ -	\$ 21,000	\$ -	\$ 34,705	\$ 8,500	\$ 178,615
Carbon tax	9							31,421				31,421		62,843	
BC Levies	10			4,061				4,345				4,781		13,187	
Total Other		\$ -	\$ -	\$ -	\$ 4,061	\$ -	\$ -	\$ -	\$ 35,767	\$ -	\$ -	\$ -	\$ 36,202	\$ -	\$ 76,030
Restructuring costs (trustee and legal)	11			90,000				140,000				80,000		310,000	
Total Other		\$ -	\$ -	\$ -	\$ 90,000	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ 310,000
Total outflows		\$ -	\$ 46,667	\$ -	\$ 551,273	\$ -	\$ 52,500	\$ -	\$ 686,612	\$ -	\$ 52,500	\$ -	\$ 584,000	\$ 8,500	\$ 1,982,051
Closing Balance		\$ 1,925,510	\$ 1,878,843	\$ 2,603,574	\$ 2,054,101	\$ 2,054,101	\$ 2,001,601	\$ 2,496,763	\$ 1,811,952	\$ 1,811,952	\$ 1,759,452	\$ 1,759,452	\$ 1,688,119	\$ 1,679,619	


Purpose:

The Statement of Projected Cash Flow has been prepared by the Company's management pursuant to Section 50.4(2) of the *Bankruptcy and Insolvency Act* (the "BIA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. In addition, the Statement of Projected Cash Flow has been prepared based on assumptions regarding future events, therefore actual results may vary from the estimates presented herein and these variances may be material.

GE E&R Canada Ltd.


Per: Jungho Park
Managing Director

MNP Ltd. in its capacity as Trustee under the Proposal of
GE E&R Canada Ltd., and not in its personal capacity


Per: Victor P. Kroeger
Senior Vice President

APPENDIX A

GE E&R Canada Inc. (the "Company")
Statement of Weekly Projected Cash Flow
For the period from March 8 to May 31, 2021

Court No.: 25-2719774
Estate No.: 25-2719774

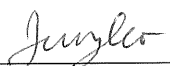
General Notes & Assumptions

Amounts are represented in Canadian dollars

Specific Notes & Assumptions


- 1 Revenue : Condensate and Gas sales
- 2 Payment by Bell for electricity useage on a Bell installed a tower on a GS E&R property
- 3 Field operators paid biweekly consistent with prior periods.
- 4 Field Operating Costs include: R&M, Chemical, Methanol & Fuel purchase, Safety costs, Camp costs, Meals & Entertainment, Gas Marketing fee, Insurance costs, Communication costs & SCADA software, Travel costs, Road maintenance, meter calibration, corrosion proection inspection, methanol delivery, P&A
- 5 Trucking costs (Condensate, water), water disposal and gas gathering & transportation costs
- 6 Based on mineral and surface lease rental agreements.
- 7 Salary & benefits(CPP, EI, Group insurance, etc) for Calgary office workers
- 8 Legal costs and annual corporate tax filing service fee (once a year)
- 9 Carbon tax is consistent with prior periods
- 10 BC production levy
- 11 Proposal Costs: MNP, Stikeman, Lawson Lundell and Sayer

GE E&R Canada Ltd.



Per: Jungho Park
Managing Director

MNP Ltd. in its capacity as Trustee under the Proposal of
GE E&R Canada Ltd., and not in its personal capacity



Per: Victor P. Kroeger
Senior Vice President

Appendix B



March 16, 2021

MNP Ltd.

In its capacity as Trustee under the Notice of Intention to Make a Proposal of GS E&R Canada Inc. and not in its personal capacity
Suite 1500, 640 – 5 Avenue SW
Calgary, Alberta T2P 3G4

Attention: **Mr. Victor Kroeger, CIRP, LIT, CPA, CA, CFE**

Dear Vic:

RE: **GS E&R Canada Inc.
Restructuring Sale Process
DRAFT Engagement Agreement**

We understand that MNP, in its capacity as Trustee under the Notice of Intention to Make a Proposal of (“MNP” or the “Trustee”) of GS E&R Canada Inc. (“GSER” or the “Company”), wishes to retain Sayer Energy Advisors (“Sayer”, “we” or “us”) to act as exclusive financial advisor and agent with respect to the sale (the “Transaction(s)”) of certain oil and natural gas assets (the “Property”) held by GSER as further described in the information brochure mailed out by Sayer as part of this engagement. The purpose of this letter is to outline the services to be performed by Sayer in this regard, and the basis of its compensation.

Sayer will provide assistance to the Trustee in connection with a court-approved Sale and Investment Solicitation Process (the “SISP”), as follows:

- a) reviewing, compiling and analyzing all available information regarding the Property and assist with preparing an information summary and an informal evaluation summary;
- b) identifying and contacting parties that might have an interest in the Property (the “Candidates”);
- c) coordinating the execution of confidentiality agreements between the Trustee, the Company, and potential Candidates;
- d) providing information on the Property to the Candidates;
- e) providing information on the Candidates to the Trustee;
- f) dealing with inquiries from Candidates and negotiating the Transaction(s);
- g) evaluating offers submitted to the Trustee with respect to the Transaction(s);
- h) presenting or discussing the proposed sale of the Property with the Trustee; and/or
- i) assisting in the closing of the Transaction(s).

We agree to act as the Trustee’s financial advisor and agent with respect to the sale of the Property and will use our best efforts to accomplish the Transaction(s) on terms favourable to the Company. Throughout this process, Sayer will keep the Trustee fully informed of its activities on the Trustee’s



behalf through written and/or verbal reports, and the Trustee will keep Sayer fully informed regarding its contacts, and the Company's contacts, with Candidates.

The Trustee will provide Sayer with such information as it may reasonably require to fulfill this assignment. Both parties agree that, during the continuance of the mandate of Sayer, they will treat all documents and information relating to this assignment as strictly confidential. This agreement may under no circumstances be transferred or assigned by the Trustee or Sayer.

The proposed milestones and estimated deadlines for the SISP procedure, including an Approval Hearing, are as follows:

Milestones	Estimated Deadlines
Establishment of a virtual data room	Week of April 12, 2021
Commencement by Sayer of the issuance of a solicitation package (including teasers, confidential information memorandums and non-disclosure agreements).	Week of April 12, 2021
Placing of advertising	Week of April 12, 2021
Due Diligence End Date for Potential Bidders	May 13, 2021
Phase I Bid Deadline	May 13, 2021
Determination of the Successful Bidder(s)	Week of May 24, 2021
Approval Hearing	June, 2021
Closing of the transaction contemplated in the Successful Bid(s)	30 days after Court approval of the sale(s)

It is understood that neither the Trustee nor the Company is under any obligation or duty to complete any Transaction(s), and that any Transaction(s) will be subject to court approval. It is further understood that Sayer provides financial advice and conducts merger and acquisition services for clients other than the Trustee and shall continue to provide these services to other parties, provided they do not conflict with the mandate accepted pursuant to this agreement.

The term of this agreement shall commence on March 16, 2021 and continue until September 30, 2021 subject to extension thereafter by written agreement of the parties hereto.

The Trustee agrees to pay Sayer a work fee of [REDACTED] ("Work Fee") upon signing of this engagement agreement, at which time we will begin preparations for the commencement of the public marketing of the Property. The Work Fee includes all costs associated with this engagement, including all printing and mailing costs, with the exception of the costs specified later in this agreement.

The success fee to assist MNP with the Transaction(s) would be [REDACTED] of the fair market value of the consideration received by the Company for the Transaction(s) (the "Value") plus [REDACTED] of the deemed liabilities assumed by the purchaser, with a minimum success fee of [REDACTED] with deemed liabilities being the \$24,442,930 assigned by the British Columbia Oil & Gas Commission as per GSER's Licensee Liability Rating as at March 12, 2021 (the "Success Fee").

For greater certainty, the Value is to be defined as the cash price to be paid as a result of the Transaction(s), and/or the value of the securities or Property offered as a result of the Transaction(s), based on, in the case of a publicly traded company, the weighted average closing market price of such securities for the 20 trading days prior to acceptance of the proposal. With respect to other forms of consideration accepted in the Transaction(s), the Value shall be the fair market value of the consideration received for the Transaction(s). Sayer will receive a copy of the closing documentation of the Transaction(s) and will have the right to cause an audit to be made of such documentation, with the cost of such audit to be borne by Sayer.

The Success Fee is to be paid in cash upon closing of the Transaction(s).

The Success Fee is to be paid if any Transaction(s) is closed within the term of this agreement or if any Transaction(s) with a potential Candidate that has executed a confidentiality agreement is closed within twelve (12) months following the term of this agreement.

The Trustee also agrees to reimburse Sayer for its reasonable legal expenses and out-of-pocket costs incurred in carrying out this assignment, with such costs amounting to more than \$500 to be subject to the Trustee's prior approval. We do not anticipate incurring any additional expenses in carrying out this assignment.

GST will be in addition to all other charges.

In consideration of the fact that the role of Sayer is limited to acting as a financial advisor to the Trustee, the Trustee hereby indemnifies and saves harmless Sayer, its directors, officers, agents, employees, and affiliates, to the full extent permitted by the laws of the Province of Alberta, from any claims, demands, causes of action, and costs, including legal fees, arising out of Sayer's performance under this agreement and any litigation that may arise between the Trustee and a buyer and/or a potential buyer, unless the cause of the action is proven to be due to the willful misconduct, fraud, or misrepresentations by Sayer during the marketing of the Property.

If we perform other services for the Trustee in connection with this engagement (other than those specifically contemplated hereunder), it is agreed that we will be able to negotiate additional fees on mutually satisfactory terms on a specific service basis, depending on the nature of the services to be provided. Such other services will be agreed to in a separate letter agreement between the parties.

We will have the right to publicize our role in the Transaction(s), such publicity being subject to the Trustee's prior approval. In order to preserve our competitive confidentiality, we would request that the Work Fee and the Success Fee not be disclosed on the public record.

Notices shall be served to the parties at their respective addresses given in this agreement, shall be sent by prepaid registered mail and shall be deemed to be received by the addressees on the third business day thereafter. Notices may also be given by email or facsimile and shall be deemed to be received upon confirmation of receipt.

This agreement and the relationship between the parties hereto shall be construed and determined according to the laws of the Province of Alberta and each party hereto does attest to

the jurisdiction of the courts of the Province of Alberta with respect to any matter arising out of this agreement.

If the foregoing accurately sets forth the terms of our agreement, please acknowledge your acceptance by signing the enclosed duplicate of this letter where indicated and return the same to us.

Yours truly,

SAYER ENERGY ADVISORS
A division of Sayer Securities Limited



Tom Pavic, CFA
President

AGREED TO AND ACCEPTED THIS DAY OF MARCH 2021

MNP Ltd.

In its capacity as Trustee under the Notice of Intention to Make a Proposal of GS E&R Canada Inc. and not in its personal capacity



Victor Kroeger
Senior Vice President