

## SALE AND INVESTMENT SOLICITATION PROCESS

### GS E&R Canada Inc.

1. On March 11, 2021, GS E&R Canada Inc. (“**E&R Canada**”) filed a Notice to File a Proposal under the Bankruptcy & Insolvency Act with MNP Ltd. named as the proposal trustee (the “**Proposal Trustee**”).
2. The Proposal Trustee, with the assistance of Sayer Energy Advisors (“**Sayer**”), will conduct a sale and investment solicitation process (“**SISP**”) whereby prospective purchasers (“**Interested Parties**”) will have the opportunity to submit an offer to purchase all or part of E&R Canada’s assets, undertakings and properties (collectively, the “**Property**”) or the shares of E&R Canada (the “**Shares**”). The Property is comprised of a business focussing on energy exploration and production of liquid rich natural gas in North Eastern British Columbia primarily produced from the Liard Basin. E&R Canada is an operator and has a 100% working interest in 147 gas wells, 7 satellites, 265 km of pipelines, 1 compression station and 1 Natural Gas Liquid facility.
3. The sale of the Property or the Shares will be on an “as is, where is” basis with no representations and warranties.
4. On March 24, 2021, E&R Canada obtained a Court Order approving an extension of time to the stay of proceedings to May 25, 2021, an administrative charge and directors and officers charge, and a sales process to be administered by the Proposal Trustee. Sayer will create and maintain the virtual data room (the “**Data Room**”) and during the week of April 12, 2021 will distribute to Interested Parties an interest solicitation letter detailing the opportunity to submit an offer to purchase the Property or the Shares (the “**Teaser**”). A form of non-disclosure agreement (“**NDA**”) will be attached to the Teaser that Interested Parties will be required to sign in order to gain access to the Data Room or be provided physical copies of any materials in the Data Room.
5. Also during the week of April 12, 2021 Sayer will cause a notice of the SISP to be published in the publications described below.
6. Sayer will provide an investment overview document to each Interested Party through the Data Room. The document will provide an overview of E&R Canada’s business and the Property that may be of interest to the Interested Parties. Those Interested Parties who

are interested in pursuing a transaction will be required to submit a short, non-binding letter of intent (“**LOI**”), using a form of LOI to be included in the Data Room (the “**Template LOI**”), to the Proposal Trustee indicating whether the Interested Party intends to make an offer to purchase all or part of the Property or the Shares, along with evidence of financial wherewithal to consummate a transaction, as outlined below (each party who submits an LOI, an “**LOI Party**”).

7. In addition, the Proposal Trustee and Sayer will populate the Data Room with a template Agreement of Purchase and Sale for each of a sale of the Property and the sale of the Shares, as may be applicable to a particular offer (in either case, the “**Template APS**”), which is to be used by LOI Parties who intend to submit binding offers, as described below.
8. Interested Parties who have executed a NDA and wish to undertake further due diligence will be provided with an opportunity to conduct site visitations, if allowed pursuant to the provisions of health and safety laws, policies and regulations, and to be arranged in consultation with the Proposal Trustee, E&R Canada and Sayer.
9. A chart summarizing key dates for the SISP is set out below (all capitalized terms are defined in the within SISP summary):

	<b>Event</b>	<b>Timing</b>
1.	Compile a list of Interested Parties and send the Teaser and NDA to those parties.	Week of April 12, 2021
2.	The Proposal Trustee will post information pertaining to this SISP on the Proposal Trustee’s website <a href="https://mnpdebt.ca/en/corporate/corporate-engagements/gs-eandr-canada">https://mnpdebt.ca/en/corporate/corporate-engagements/gs-eandr-canada</a> which will include: <ul style="list-style-type: none"> <li>• The Redacted Teaser for public information only;</li> <li>• The within SISP summary; and</li> <li>• an NDA.</li> </ul>	Week of April 12, 2021
3.	Sayer shall advertise the Property and the SISP in BOE Report and the Daily Oil Bulletin	Week of April 12, 2021

4.	<p>Interested Parties who have executed an NDA will receive available information in respect of the Property, including access to the Data Room.</p> <p>Each Interested Party is required to submit an LOI to the Proposal Trustee containing the information outlined in the Template LOI, including whether the Interested Party intends to make an offer to purchase all or part of the Property or the Shares, along with evidence of the party's financial wherewithal to consummate a transaction by 12 noon Mountain Daylight Savings Time on the LOI Deadline</p>	May 13, 2021 (the " <b>LOI Deadline</b> ")
5.	<p>The Proposal Trustee, with input from Sayer and E&amp;R Canada, will review each LOI received and will notify any LOI Party of its interest in pursuing a potential transaction with the LOI Party within 4 business days of the LOI Deadline.</p>	Within 4 business days of the LOI Deadline
6.	<p>The Template APS shall be posted to the Data Room, the applicable form of which is to be used by LOI Parties wishing to submit a binding offer.</p> <p>LOI Parties who have been contacted by the Proposal Trustee will have until 12:00 pm Mountain Daylight Savings Time, on the Offer Deadline to submit an offer to the Proposal Trustee, on the terms set out below.</p> <p>The Proposal Trustee reserves its right to modify the LOI Deadline and the Offer Deadline at its discretion.</p>	May 27, 2021 (the " <b>Offer Deadline</b> ")
7.	<p>Offers shall remain open for acceptance by E&amp;R Canada for a reasonable period of time following the Offer Deadline.</p>	As soon as reasonably practical
8.	<p>Following the Offer Deadline, the Proposal Trustee, E&amp;R Canada and Sayer, will review and assess all offers received, to determine if each offer is a Qualified Offer.</p> <p>The Proposal Trustee will seek to either negotiate the Successful Offer(s) with the Successful Offeror(s) or continue negotiations with Selected Offerors, in either case with a view to negotiating a Final APS or Final APSs, subject only to Court approval.</p>	As soon as reasonably practical
9.	<p>E&amp;R Canada will seek Court approval of the Final APS or Final APSs, as the case may be, and obtain the Approval and Vesting Order.</p>	As soon as reasonably practical following execution and delivery of Final APS(s).
10.	<p>Closing Date</p>	Within 1 week of the issuance of the Approval and Vesting Order, or

		such other date as may be agreed to by the Proposal Trustee, E&R Canada and the Successful Offeror.
11.	The Proposal Trustee shall return any Deposits submitted in connection with Qualified Offers which were not accepted by E&R Canada.	Within 5 business days of the Offeror being notified that their Offer was not accepted.

**Offer Procedure**

10. The offer procedure (the “**Offer Procedure**”) is as follows:

- a. all offers must take the form of a Qualified Offer and must be submitted in writing to the Trustee and received on or before noon Mountain Daylight Savings Time on the Offer Deadline; and
- b. all offers must be submitted with a blackline to the Template APS.

11. An offer will be considered a “**Qualified Offer**” only if (i) it is submitted in accordance with the requirements of the immediately preceding paragraph, and (ii) the offer complies with, among other things, the following requirements:

- a. it complies with all of the requirements set forth in the LOI Template;
- b. it includes a letter stating that the offer is irrevocable and open for acceptance for one week following the Offer Deadline, provided that if the offeror is selected as the Successful Offeror, its offer shall remain irrevocable until the closing of a transaction with the Successful Offeror;
- c. it is to be accompanied by a refundable cash deposit in the form of certified cheque or bank draft payable to the order of the Proposal Trustee, in trust (the “**Deposit**”), in an amount equal to at least 20% of the purchase price contemplated therein;
- d. it includes identifying information regarding all parties that will be entering into the transaction or the financing, or that is participating in or benefiting from the offer

and evidence of corporate authority and approval, together with the name or names of any beneficial owner(s) including their respective percentage interests;

- e. it includes proof of financial ability to close the transaction, and shall not be conditional on any terms such as obtaining financing or on any unperformed due diligence, other than the obtaining of the Approval and Vesting Order;
  - f. it includes the following: an acknowledgement and representation that the offeror:
    - (a) has had an opportunity to conduct any and all due diligence regarding E&R Canada and its business, the Property, and the Shares prior to making its offer;
    - (b) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property to be acquired and liabilities to be assumed in making its offer; and
    - (c) did not rely upon any written or oral statements, representations, promises, warranties or guarantees whatsoever, whether express or implied (by operation of law or otherwise), regarding the Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the Template APS;
  - g. it is conditional upon the approval of all relevant regulatory authorities with respect to the transfer of the underlying leases, licences, permits and Property; and
  - h. it is, in the reasonable opinion of the Proposal Trustee and E&R Canada, likely to close within 1 week of the issuance of the Approval and Vesting Order (the “**Closing Date**”) or such other date as the Proposal Trustee and E&R Canada deem reasonable in the circumstances.
12. Each Qualified Offer will be considered by the Proposal Trustee and E&R Canada. The Proposal Trustee and E&R Canada, in consultation and working with Sayer, may seek clarifications with respect to any submitted offers.

### **Post-Offer Procedure**

13. If one or more Qualified Offers are received, the Proposal Trustee and E&R Canada, in consultation with Sayer, may choose to:

- a. accept a Qualified Offer (the “**Successful Offer**” and the offeror making the Successful Offer being the “**Successful Offeror**”) and take such steps as are necessary to finalize the definitive documentation and complete an agreement (the “**Final APS**”) for the Successful Offer with the Successful Offeror; *provided that* where a Successful Offer relates to only a portion of the Property, the Proposal Trustee and E&R Canada, in consultation with Sayer, may accept an additional Qualified Offer or Qualified Offers for all or a part of the remaining Property, each of which will also be considered a Successful Offer and the person so making the Successful Offer being a Successful Offeror; or
  - b. continue negotiations with a selected number of offerors (collectively, “**Selected Offerors**”) in respect of their Qualified Offers (the “**Selected Offers**”) and take such steps as are necessary to finalize the definitive documentation and complete the Final APS or Final APSs, as the case may be, with one or more of the Selected Offerors.
14. The Proposal Trustee and E&R Canada shall be under no obligation to accept the highest or best offers or any offer and the selection of the Selected Offers or the Successful Offer(s) shall be entirely in the discretion of the Proposal Trustee and E&R Canada, after consultation with Sayer.

### **Approval of Transaction**

15. E & R Canada will apply to the Court (the “**Approval Motion**”) for an order (the “**Approval and Vesting Order**”) approving the Final APS(s) and authorizing E&R Canada to enter into any and all necessary agreements with respect to the Final APS(s) and to undertake such other actions as may be necessary or appropriate to give effect to the Final APS(s).
16. The Approval Motion will be held on a date to be scheduled by the Court upon application by E&R Canada. The Approval Motion may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Approval Motion.

### **Deposit**

17. All Deposits shall be in the form of bank drafts or certified cheques and will be retained by the Proposal Trustee. If there is a Successful Offer(s) or a Selected Offer(s) that culminates in a Final APS(s), the Deposit paid by a Successful Offeror or a Selected

Offeror, as the case may be, whose offer is approved by the Court will be applied to the purchase price to be paid by the applicable Successful Offeror or Selected Offeror upon closing of the approved transaction and will be non-refundable. The Deposits of offerors not selected as a Successful Offeror or a Selected Offeror, as the case may be, will be returned to such offerors within 5 business days of being notified that their offer has not been selected. If there is no Successful Offer or Selected Offer, subject to the following paragraph, all Deposits will be returned to the applicable offerors within 5 business days of the date upon which the SISP is terminated by the Proposal Trustee, in its sole discretion.

18. If a Successful Offeror or Selected Offeror breaches its obligations under the applicable Final APS, its Deposit shall be forfeited to E&R Canada as liquidated damages and not as a penalty.

#### **Other Terms**

19. At any time during the SISP, the Proposal Trustee and/or E&R Canada may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.
20. The Proposal Trustee and E&R Canada shall have the ability to modify the timelines set out herein or waive the strict requirements of the SISP.