

ENTERED

Clerk's Stamp

701352

COURT FILE NUMBER

2001 - 01210

COURT

COURT OF QUEEN'S BENCH  
OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

GMT CAPITAL CORP

DEFENDANT

STRATEGIC OIL AND GAS LTD. and STRATEGIC  
TRANSMISSION LTD.

IN THE MATTER OF THE RECEIVERSHIP OF STRATEGIC  
OIL AND GAS LTD. and STRATEGIC TRANSMISSION LTD.

DOCUMENT

**SECOND REPORT OF THE RECEIVER**

**July 12, 2021**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER**

ALVAREZ & MARSAL CANADA INC.  
Bow Valley Square IV  
Suite 1110, 250 - 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3H7  
Attention: Orest Konowalchuk/Duncan MacRae  
Telephone: (403) 538-4736/(403) 538-7514  
Email: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)  
[dmacrae@alvarezandmarsal.com](mailto:dmacrae@alvarezandmarsal.com)

**COUNSEL TO RECEIVER**

BORDEN LADNER GERVAIS LLP  
1900, 520 – 3<sup>rd</sup> Avenue SW  
Calgary, Alberta T2P 0R3  
Attention: Jessica Cameron/Robyn Gurofsky  
Phone: (403) 232-9715/(403) 232-9774  
Fax: (403) 266-1395  
Email: [jcameron@blg.com](mailto:jcameron@blg.com) / [rgurofsky@blg.com](mailto:rgurofsky@blg.com)  
File: 022910.000007

## **TABLE OF CONTENTS OF THE SECOND REPORT OF THE NWT RECEIVER**

<b>INTRODUCTION .....</b>	<b>3</b>
<b>TERMS OF REFERENCE .....</b>	<b>6</b>
<b>BACKGROUND AND OVERVIEW .....</b>	<b>6</b>
<b>SUBSEQUENT ACTIVITIES OF THE NWT RECEIVER .....</b>	<b>7</b>
<b>REGULATORY MATTERS .....</b>	<b>9</b>
<b>PROPOSED SALES PROCESS.....</b>	<b>13</b>
<b>RECEIPTS AND DISBURSEMENTS – NOVEMBER 7, 2020 TO JULY 9, 2021 ...</b>	<b>19</b>
<b>APPROVAL OF FEES AND EXPENSES .....</b>	<b>20</b>
<b>NWT RECEIVER’S ONGOING ACTIVITIES .....</b>	<b>21</b>
<b>NWT RECEIVER’S CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>22</b>

## **LISTING OF APPENDICES TO THE SECOND REPORT OF THE RECEIVER**

<b>APPENDIX A</b>	Redacted Sales Advisor Engagement Letter
<b>APPENDIX B</b>	Proposed Sales Solicitation Process
<b>APPENDIX C</b>	Summary of Professional Fees

## INTRODUCTION

1. On January 28, 2020 (the “**Receivership Date**”), by order of the Honourable Justice Horner, Alvarez & Marsal Canada Inc., at the request of the government of the Northwest Territories (“**GNWT**”), was appointed receiver and manager (the “**NWT Receiver**”), without security, of all of Strategic Oil and Gas Ltd.’s and Strategic Transmission Ltd.’s (“**Strategic**” or the “**Company**”) current and future assets, undertakings and properties of every nature and kind whatsoever situated in the Northwest Territories, including all proceeds thereof and including, without limiting the generality of the foregoing, any letters of credit (“**NWT LCs**”) issued in respect of assets situated in the Northwest Territories (the “**NWT Property**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”), and section 13(2) of the *Judicature Act*, RSA 2000, c J-2 (the “**NWT Receivership Order**”).
2. Prior to the Receivership Date, the Company had sought and obtained protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) pursuant to an order granted by the Alberta Court of Queen’s Bench on April 10, 2019 (the “**Initial Order**”). The Initial Order granted, *inter alia*, a stay of proceedings (the “**Stay**”) against Strategic until and including May 6, 2019 and appointed KPMG Inc. as Monitor (“**Monitor**”). The proceedings commenced by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
3. By a series of subsequent orders, the Court extended the Stay to January 31, 2020. However, the Company was unable to develop a plan of arrangement or compromise (“**Plan**”) in any iteration acceptable to the GNWT, the Alberta Energy Regulator (“**AER**”), and the office of the Regulator of Oil and Gas Operations for the Northwest Territories (“**OROGO**”) and, was subsequently placed into Receivership upon application of GMT Capital Corp.
4. Concurrently, GMT Capital Corp. requested that a separate receiver (the “**Alberta Receiver**”) be appointed over Strategic, excepting the NWT Property. This consisted primarily of Strategic’s business, undertakings and properties located in Alberta. Consequently, a separate receivership order was granted appointing

KPMG Inc. as receiver and manager (the “**Alberta Receiver**”) respecting Strategic and its Alberta assets (the “**Alberta Receivership Order**”). Further background on the CCAA Proceedings and the Alberta Receiver’s proceedings have been posted on the Alberta Receiver’s website at: <https://www.kpmg.com/ca/strategic>.

5. Amongst other things, the NWT Receivership Order empowers and authorizes, but does not obligate, the NWT Receiver to take possession and control of the NWT Property and to sell, convey, transfer, lease or assign the NWT Property or any part or parts thereof out of the ordinary course of business. Except as they specifically relate to the NWT Property, all powers of the receivership in relation to Strategic’s assets, business, undertakings and properties fall under the exclusive jurisdiction of the Alberta Receiver.
6. A dispute exists regarding the priority of funds that existed as at the Receivership Date and which funds were utilized by the Alberta Receiver through the course of its administration of Strategic’s Alberta receivership proceedings, in addition to the funds remaining in the estate of the Alberta Receiver. As further detailed in this Report, no cash was made available from Strategic or the Alberta Receiver to the NWT Receiver at the Receivership Date or subsequently, and as such, throughout the within Receivership Proceedings, the NWT Receiver has been funded entirely by the GNWT. On November 20, 2020, by order of this Honourable Court, the Alberta Receiver was partially discharged and remains in care and custody of approximately \$780,000 in relation to this dispute. The NWT Receiver understands that all of the AER, the Canada Energy Regulator (“**CER**”), and GNWT and/or OROGO have advanced claims against the funds which existed as at the Receivership Date. This dispute remains outstanding.
7. The purpose of this second report of the NWT Receiver (the “**Second Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
  - a) subsequent activities of the NWT Receiver since the first report of the NWT Receiver dated November 9, 2020 (the “**First Report**”);

- b) the NWT Receiver’s application for an order approving the NWT Receiver’s engagement of Sayer Energy Advisors (the “**Sales Advisor**”) to act as advisor to the NWT Receiver for the purposes of, and to assist the NWT Receiver with, conducting the NWT Receiver’s proposed Sales Solicitation Process (“**SSP**”) respecting the NWT Property, and approving the engagement letter between the NWT Receiver and the Sales Advisor dated July 8, 2021 (the “**Engagement Letter**”);
  - c) the NWT Receiver’s application for an order approving the proposed SSP;
  - d) the NWT Receiver’s application for an order (the “**Restricted Court Access Order**”) sealing the First Confidential Supplemental Report, dated July 12, 2021 to this Second Report (“**First Confidential Supplement**”);
  - e) the cash flow results for the period from November 7, 2020 to July 9, 2021;
  - f) approval of the NWT Receiver’s actions, activities and conduct, and approval of the NWT Receiver’s fees and disbursements and those of the NWT Receiver’s independent legal counsel, Borden Ladner Gervais LLP (“**BLG**”); and
  - g) the NWT Receiver’s conclusions and recommendations with respect to the foregoing.
8. Capitalized words or terms not otherwise defined in this Report are as defined in the NWT Receivership Order.
  9. All references to dollars are in Canadian currency unless otherwise noted.

## TERMS OF REFERENCE

10. In preparing this Report, the NWT Receiver has relied upon: (i) the representations of certain management and other key stakeholders of Strategic; and (ii) financial and other information contained in the Company's books and records, which were produced and maintained principally by the Company. The NWT Receiver has not performed an audit, review or other verification of such information.
11. Further, the NWT Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the NWT Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information. Future oriented financial information relied upon in this Report is based on the NWT Receiver's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

## BACKGROUND AND OVERVIEW

12. Strategic is an oil and gas exploration and production company with non-operational wells in the Cameron Hills area of the Northwest Territories and other producing and non-producing areas throughout Alberta.
13. Strategic Oil and Gas Ltd. was incorporated under the *Alberta Business Corporations Act* in April 2012 and was publicly traded on the TSX Venture Exchange in Canada under the symbol "SOG". A cease trade order was issued to the Company by the Alberta Securities Commission on May 6, 2019.
14. Strategic Transmission Ltd. ("STL") was incorporated under the *Canada Business Corporations Act*. In June 2013, Strategic Oil and Gas Ltd. acquired all the outstanding common shares of STL, in conjunction with the acquisition of the NWT Property.

15. STL holds legal title to the section of pipeline that crosses the Alberta border into the Cameron Hills area of the Northwest Territories, which is regulated by the CER (the “**Interprovincial Pipeline**”). Beyond holding legal title to the pipeline, STL has no other assets or operations.
16. Due to the oil and gas industry downturn, the Company began experiencing financial difficulties and, as noted above, on April 10, 2019, sought and obtained protection under the CCAA in the form of the Initial Order. Ultimately, the NWT Receiver understands that Strategic determined that no Plan could successfully be presented to its creditors that would garner approval, and as a result, the NWT Receivership Order and the Alberta Receivership Order were each granted, as further discussed above.
17. Further background is contained in the materials filed in support of the NWT Receivership Order. These documents and other publicly filed Court materials in these proceedings have been posted on the NWT Receiver’s website at: <https://www.alvarezandmarsal.com/sog> (the “**NWT Receiver’s Website**”).

## **SUBSEQUENT ACTIVITIES OF THE NWT RECEIVER**

18. Since the First Report, the NWT Receiver’s activities have included, but are not limited to, the following:
  - a) administering and monitoring, with the assistance of its independent contractors, the various well and facility locations in Cameron Hills for the purposes of care and custody of the NWT Property and necessary safety and environmental monitoring;
  - b) monitoring the cash flow expenditures required to preserve and protect the NWT Properties and pay other administrative matters during the receivership proceedings;
  - c) arranging for continued funding from the GNWT to allow the NWT Receiver to carry out its duties pursuant to the NWT Receivership Order;

- d) attending to various communications and virtual meetings with certain GNWT officials to discuss various matters related to the NWT Receivership Proceedings;
- e) attending meetings with officials of the Mackenzie Valley Land and Water Board (the “**MVLWB**”) to discuss various matters related to the NWT Receivership Proceedings;
- f) communicating with CER officials to discuss the CER regulated pipeline and its implications to the NWT Receivership Proceedings;
- g) providing instructions to the NWT Receiver’s independent legal counsel, BLG, in respect of NWT the Receivership Proceedings;
- h) performing ongoing monitoring and regulatory compliance, with the assistance of various contractors;
- i) considering an unsolicited, non-binding offer by an interested party (“**Unsolicited, Non-Binding Offer**”), in consultation with GNWT and OROGO respecting the purchase of several Cameron Hills Wells, facilities and pipelines;
- j) attending multiple meetings and hosting various communications with the GNWT, OROGO and respective legal counsel, in general;
- k) communicating with the Alberta Receiver and respective legal counsel on matters concerning the joint administration of the NWT Receivership Proceedings;
- l) formally requesting proposals from three reputable sales advisors, which is discussed further within this Report;
- m) negotiating and entering into the Engagement Letter with the Sales Advisor; and
- n) in consultation with the Sales Advisor and the GNWT, developing the proposed SSP.



## REGULATORY MATTERS

### OROGO Abandonment Order

19. On October 4, 2019, OROGO issued an order requiring the abandonment of approximately 40 wells and decommissioning oil and gas infrastructure, including the gathering system at Cameron Hills within the deadlines set between January 31, 2023 and May 14, 2025 (the “**Abandonment Order**”).
20. The NWT Receiver obtained a third-party estimate to perform the necessary work under the Abandonment Order. This estimate was limited to abandonment of the wells and did not include reclamation of associated land and water liabilities. The estimated preliminary cost of the work under the Abandonment Order is significant and is currently being contemplated by the NWT Receiver, in consultation with the GNWT, as to next steps.
21. On January 27, 2021, the NWT Receiver submitted to OROGO, a proposed plan for the abandonment or decommissioning of Strategic’s 24 suspended wells and associated facilities due for abandonment by January 31, 2023 under the Well Suspension and Abandonment Guidelines and Interpretation Notes (Guidelines) (the “**Initial Plan**”). Pursuant to the Initial Plan, the NWT Receiver proposed extending the abandonment date respecting 11 wells and associated facilities from January 31, 2023 to March 31, 2023, which was granted by OROGO.
22. The Initial Plan proposed completing the abandonment or decommissioning of Strategic’s 24 suspended wells and associated facilities due for abandonment by the following dates:
  - a) 13 wells by March 31, 2022; and
  - b) 11 wells by March 31, 2023.
23. Since approval by OROGO of the Initial Plan, the NWT Receiver, in consultation with the GNWT, has been considering next steps in these Receivership proceedings. These considerations have included how best to address the NWT

Property with a view to maximizing realizations from these assets and reducing the amount of exposure (liability and environmental concerns) to the GNWT and its other stakeholders. The NWT Receiver has determined, with the support of the GNWT, that the best prospects of maximizing value for all concerned stakeholders is through a thorough marketing and sales process, which is contemplated by the proposed SSP respecting the NWT Property.

24. Should the Court approve the SSP (as discussed further in this Report), it is expected that the launch of the SSP will occur in late August or beginning of September 2021. The results of the SSP may have a material impact on the timing of the NWT Receiver's ability to abandon and/or decommission the 24 wells and associated facilities as listed above. Further, the NWT Receiver may not know the full results of the SSP until late fall or early winter of 2021.
25. As a result, on July 6, 2021, the NWT Receiver respectfully requested for OROGO to provide an additional one-year extension to abandon and/or decommission the 24 wells and associated facilities. Specifically, the NWT Receiver requested to extend the above-mentioned abandonment deadlines for the:
  - a) 13 wells from March 31, 2022 to March 31, 2023 ("**13 Wells**"); and
  - b) 11 wells from March 31, 2023 to March 31, 2024 ("**11 Wells**").
26. The purpose of this extension request is to allow the NWT Receiver to determine if there is an acceptable party willing to purchase the NWT Property (which may include some or all of the 24 wells above). In addition, given the timing of the proposed SSP, the NWT Receiver is concerned that it may not have the appropriate amount of time to plan for a proper and effective abandonment program should the Court approve the SSP, in particular with respect to the initial 13 Wells noted above. In addition, beginning the abandonment program will require adequate permitting from the MVLWB with respect to the Land Use Permit for the activities required to conduct the abandonment program.

27. On July 9, 2021, OROGO responded to the NWT Receiver's request for an extension and confirmed that they would agree to extending the abandonment of the 13 Wells by March 31, 2023; however, OROGO would not agree to extend the abandonment for the 11 Wells to March 31, 2024. As such, the abandonment for all 24 wells will now be required to be abandoned by March 31, 2023 and the NWT Receiver will be developing an acceptable abandonment and reclamation plan, in consultation with the GNWT, OROGO and MVLWB, post outcome of the proposed SSP.

### **Other Ancillary Regulatory Matters**

28. In addition to the Abandonment Order, the NWT Receiver was required to submit additional plans, specifically, a Site Wide Monitoring Plan ("SWMP") and Conceptual Closure & Reclamation Plan ("CCRP") with MVLWB, which are both required under the land use permit and water licence issued to Strategic by MVLWB.
29. On March 31, 2021, the SWMP was submitted to the MVLWB. The NWT Receiver and its consultants continue to develop the CCRP, with consultation of the GNWT and the MVLWB.
30. The NWT Receiver recently submitted the 2020/21 Water Licence Annual Report on June 30, 2021 to MVLWB and will continue to plan and comply with all other regulatory matters. The NWT Receiver intends to apply to the MVLWB to extend the storage authorization, to delay the requirement to remove all structures used in connection with the operation, for an additional period of one year, which it understands is possible under the *Mackenzie Valley Land Use Regulations*. The NWT Receiver understands that any new operator will have the opportunity to apply for a Land Use Permit under the *Mackenzie Valley Land Use Regulations*.
31. The NWT Receiver understands that it is in compliance with OROGO and the other NWT regulatory bodies regarding the NWT Property and is not aware of any other

order issued by OROGO or any other regulatory body that has not yet been addressed and/or requires significant additional work.

### **Interprovincial Pipeline Issues**

32. In preparing the proposed SSP, as further described below, the NWT Receiver encountered an issue in interpreting the scope of the definition of “NWT Property” pursuant to the terms of the NWT Receivership Order. Specifically, it was not clear whether this included the Interprovincial Pipeline.
33. The NWT Receiver engaged in discussions with counsel for CER regarding this issue. The NWT Receiver conveyed to counsel for CER that while the NWT Receiver had an interest in that portion of the Interprovincial Pipeline situated on lands in the NWT, the NWT Receiver was not in possession of, nor has it taken care and custody of, this pipeline. Notwithstanding this fact, the NWT Receiver also advised counsel for CER that, subject to CER’s consent, the NWT Receiver would be willing to include the entirety of this Interprovincial Pipeline in the proposed SSP in order to expose the pipeline to the market for sale, thereby potentially realizing value for all of Strategic’s stakeholders, including CER, by conveying the pipeline to a responsible operator. CER’s counsel has advised that CER is agreeable with this approach.
34. Additionally, the NWT Receiver reached out to counsel for the Alberta Receiver to discuss this issue. Counsel for the Alberta Receiver confirmed that, subject to the Partial Discharge Order granted by the Court on November 20, 2020, the Alberta Receiver was partially discharged from and over all of the Alberta Property not sold during the Alberta Receivership Proceedings. As such, the Alberta Receiver advises that the Interprovincial Pipeline (if it was under the care and control of the Alberta Receiver), is no longer under the purview of the Alberta Receiver. In addition, Counsel for the Alberta Receiver further confirmed it was also of the view that the Interprovincial Pipeline is not specifically discussed in any of the Court orders and that the Receivership Order does not expressly state who has jurisdiction over federally regulated assets.

35. As a result, the NWT Receiver is of the view that the proposed SSP should include the marketing and opportunity for purchasers to acquire this Interprovincial Pipeline and that such acquisition will be subject to all applicable regulatory requirements.

## **PROPOSED SALES PROCESS**

### **Overview**

36. Over the past two years, the Strategic assets were previously exposed to the market for sale in both the CCAA Proceedings and the Alberta Receivership Proceedings (excluding the NWT Property).
37. Specifically, during the course of Strategic's CCAA Proceedings, Strategic, with the assistance of KPMG Corporate Finance, conducted a Court-approved sales and investment solicitation process ("**CCAA SISP**"), soliciting offers for either i) an acquisition of some or all of Strategic's assets, including the NWT Property, or ii) an investment, recapitalization or restructuring of the company. The CCAA SISP commenced on May 13, 2019. Ultimately, the CCAA SISP did not result in a successful bid that was supported by the GNWT, the AER and OROGO.
38. On or around February 28, 2020, in the Alberta Receivership proceedings, the Alberta Receiver conducted an additional Court-approved sales solicitation process (the "**Alberta Receivership Sales Process**") respecting Strategic's assets, however, this sales process excluded the NWT Property.
39. To date, the NWT Receiver has not conducted its own sales process in the NWT Receivership Proceedings, as the NWT Receiver focused on the regulatory and compliance obligations of the NWT Property. The NWT Receiver, with the support of GNWT, believes it is now an opportune time to expose the NWT Property, including the Interprovincial Pipeline, to the market, as discussed further below.
40. The NWT Receiver has analyzed and evaluated Strategic's NWT Property and determined that conducting a sales process respecting same, with the assistance of

an experienced sales advisor, is the most commercially reasonable manner by which to maximize value for Strategic's stakeholders and, where possible, transfer as many of the oil and gas properties to responsible third parties.

41. The NWT Receivership Order empowers and authorizes, but does not obligate, the NWT Receiver to, among other things:

- a) take possession of and exercise control over the NWT Property;
- b) engage consultants, appraisers, agents and experts to assist the NWT Receiver in exercising its powers and duties;
- c) market any or all of the NWT Property, including advertising and soliciting for offers with respect of the NWT Property and negotiating such terms and conditions of sale as the NWT Receiver may deem appropriate; and
- d) apply for any vesting order or other orders necessary to convey the NWT Property or any part of parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such property.

42. Notwithstanding the above power to market and sell the NWT Property included within the NWT Receivership Order, the NWT Receiver is requesting that the Court approve the SSP as:

- a) a court approved sales process will provide fairness, clarity and consistency to stakeholders involved in the NWT Receivership Proceedings, including prospective purchasers; and
- b) the Court will ultimately be requested by the NWT Receiver to approve offers and vest property interests, and the NWT Receiver wishes to seek this Honourable Court's approval at the earliest opportunity.

43. The GNWT and the CER have reviewed the proposed Sales Process and the NWT Receiver understands that they have no objection to the proposed Sales Process and the retention of the Sales Advisor.

## **Sales Advisor Proposals**

44. The NWT Receiver requires advisory services to run a robust sales process in order to maximize value to Strategic's creditors and stakeholders. Given the nature of the NWT Property, the NWT Receiver requires the assistance of a party who has experience providing advisory services on divestitures specific to the oil and gas industry.
45. Given this, on June 22, 2021, the NWT Receiver identified and contacted four separate independent sales advisors with experience in Canadian oil and gas merger and acquisition and asset divestiture activities. The NWT Receiver received proposals from three of the four parties contacted. Having received three competitive proposals, the NWT Receiver provided each potential sales advisor with a further opportunity to clarify certain terms of their proposals and adjust their fee structure, if appropriate. Given the confidential nature of the proposals received, and the fact that some of the proposals contain commentary on the NWT Receiver's anticipated sales process respecting Strategic's NWT Property, copies of the proposals have been included only in the First Confidential Supplement.
46. Based on the revised proposals received, the NWT Receiver, with the support of GNWT, selected Sayer Energy Advisors to act as Sales Advisor. Following this selection, the NWT Receiver negotiated the terms and entered into the Engagement Letter with the Sales Advisor, which Engagement Letter is subject to approval by this Honourable Court. A redacted copy of the engagement letter is attached to this Report as Appendix 'A', with the commercial terms as to the Sales Advisor fee structure redacted. An unredacted copy of the engagement letter is attached to the First Confidential Supplement.
47. After carefully considering the proposals, and following consultation with the GNWT, the NWT Receiver entered into the Engagement Letter (subject to Court approval) with the Sales Advisor considering that:
  - a) the Sales Advisor is well known in the local industry and specializes in coordinating disposition programs in the oil and gas industry;

- b) has previously acted as a sales advisor of distressed assets, including in the insolvency context; and
  - c) was reasonably priced in comparison to the other proposals received, especially in considering the additional experience possessed by the Sales Advisor.
- 48. The fee structure within the engagement letter contains a work fee and a success fee. The NWT Receiver believes that the quantum of fees payable under the Engagement Letter reflect an appropriate incentive to secure the highest and best bid for the NWT Property and is fair, reasonable and consistent with fee arrangements in other engagements of similar size, scope and complexity in its experience. In the result, the NWT Receiver is of the view that the fee structure is commercially reasonable in the circumstances.
- 49. The NWT Receiver therefore seeks the approval of the engagement by the NWT Receiver of the Sales Advisor and approval of the Engagement Letter, including the fees payable thereunder, to assist the NWT Receiver with, and facilitate, the proposed SSP.

#### **Summary of the proposed SSP**

- 50. The NWT Receiver has developed, in consultation with the GNWT and the CER, the proposed SSP with a view to solicit interest in, and opportunities for a sale of all or part of Strategic's NWT Property, including the Interprovincial Pipeline. A copy of the proposed SSP is attached to this Report as Appendix 'B'.
- 51. Below, the NWT Receiver has summarized the main milestones of the proposed SSP.
- 52. The SSP will be facilitated by the Sales Advisor (subject to Court approval), under the supervision of the NWT Receiver.
- 53. The major stages in the SSP will be comprised of the following:



- a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer lists;
  - b) Marketing: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and
  - c) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.
54. In consultation with the Sales Advisor, the NWT Receiver determined a midsummer launch may have undesirable results. As a result, the marketing stage will launch in late August with greater anticipated activity through September.
55. The following table sets out the key milestones under the Sales Process:

<b>Milestone</b>	<b>Deadline</b>
Launch Sales Process	August 20, 2021
Bid Deadline	September 23, 2021
Qualified Bidder(s) Notified	September 30, 2021
Successful Bidder(s) Notified	October 15, 2021
Estimated Date Court Approval	November 15, 2021
Estimated Closing Date	November 30, 2021

56. The Sales Process will be advertised through a targeted email marketing campaign conducted by the Sales Advisor, as well as through advertisements placed in the Daily Oil Bulletin, the BOE Report, as well as any additional publication determined to be beneficial to the SSP by the NWT Receiver, the Sales Advisor or any of the other stakeholders.
57. The NWT Receiver believes that the proposed SSP provides reasonable market exposure (of assets that have previously been exposed directly to the market), while balancing the concerns of OROGO and the MVLWB, in addition to the GNWT, and the CER, the latter two of which have expressed their support for the SSP.

58. Further, the NWT Receiver is of the view that the proposed SSP is in the best interests of the stakeholders for, among others, the following reasons:
- a) the NWT Property has been previously marketed by reputable sales agents;
  - b) the SSP exposes the entirety of NWT Property, including the Interprovincial Pipeline, to prospective purchasers, while allowing purchasers the opportunity to acquire all, or only part of, the NWT Property, thus increasing the chances that at least some of the NWT Property may be acquired by a third party;
  - c) the SSP requires that any Successful Bidder (as defined in the SSP) be compliant with the applicable regulatory authorities, being either OROGO, CER, and/or the MVLWB. Ongoing involvement throughout the SSP with these regulatory authorities will be critical to a successful outcome;
  - d) the SSP provides a fair and transparent process which will be conducted in such a manner to give potential bidders equal access to the sales process;
  - e) no stakeholder appears to be prejudiced by the process; and
  - f) the Sales Advisor has substantial experience in marketing oil and gas properties using a similar process in insolvency proceedings.
59. The NWT Receiver is of the view that the proposed SSP will result in a fair and transparent sales process, whose broad marketing, combined with the experience and expertise of the Sales Advisor, will optimize the chances of securing the best possible price for the NWT Property and Interprovincial Pipeline. The NWT Receiver is therefore of the view that the proposed SSP is commercially reasonable in the circumstances.

## RECEIPTS AND DISBURSEMENTS – NOVEMBER 7, 2020 TO JULY 9, 2021

60. The following is a statement of the NWT Receiver's receipts and disbursements ("R&D") in respect of the NWT Property from November 7, 2020 to July 9, 2021 (the "Reporting Period").
61. The below chart reflects collections and payments made by the NWT Receiver in the NWT Receivership Proceedings and the R&D is reflected on "cash basis".

Strategic - NWT Property NWT Receiver's Interim Statement of Receipts and Disbursements CAD \$, unaudited			
	First Report Jan 28/20 to Nov 6/20	Reporting Period Nov 7/20 to Jul 9/21	Total Jan 28/20 to Jul 9/21
<b>Opening cash balance</b>	\$ -	\$ 433,748	\$ -
<b>Receipts</b>			
Government funding advanced	2,023,363	383,296	2,406,659
GST refunds	-	99,850	99,850
<b>Total Receipts</b>	<b>2,023,363</b>	<b>916,894</b>	<b>2,506,509</b>
<b>Disbursements</b>			
Suspension program	1,195,558	-	1,195,558
Contractor payments	98,461	504,847	603,308
Insurance premiums	-	111,250	111,250
NWT Receiver's fees and expenses	189,601	208,641	398,242
Legal fees and expenses	10,844	15,342	26,186
GST paid on disbursements	75,309	37,504	112,813
Other disbursements	19,842	2,061	21,903
	<b>1,589,615</b>	<b>879,646</b>	<b>2,469,260</b>
<b>Closing cash balance</b>	<b>\$ 433,748</b>	<b>\$ 37,249</b>	<b>\$ 37,249</b>

62. Opening cash during the Reporting Period was \$433,748. There was no opening cash available to the NWT Receiver as at the Receivership Date and the GNWT has provided funding to the NWT Receivership throughout the entire Receivership proceeding.
63. The NWT Receiver collected approximately \$483,000 during the Reporting Period, relating to:

- a) approximately \$383,000 of funds advanced by the GNWT to the NWT Receiver based on an internal cash flow forecast prepared by the NWT Receiver; and
  - b) GST collections of approximately \$100,000 related to GST returns filed in these Receivership Proceedings.
64. The NWT Receiver paid approximately \$880,000, which consisted primarily of the following:
- a) contractor payments of approximately \$505,000 for regulatory compliance reporting support, site inspections and other care and maintenance activities;
  - b) professional fees and costs of the NWT Receiver and its legal counsel, BLG, of approximately \$224,000;
  - c) annual insurance premiums of \$111,250;
  - d) GST paid on disbursements of approximately \$38,000; and
  - e) other disbursements of approximately \$2,100, relating primarily to database management fees.
65. Total cash on hand held by the NWT Receiver as at July 9, 2021 is \$37,249.
66. The GNWT continues to advance funds to the NWT Receiver based on an internal cash flow forecast prepared by the NWT Receiver and receipt of expenditures provided by the NWT Receiver to the GNWT.

#### **APPROVAL OF FEES AND EXPENSES**

67. Pursuant to paragraphs 22 to 24 of the NWT Receivership Order, the NWT Receiver seeks approval from this Honourable Court of the respective professional fees and disbursements of the NWT Receiver and its legal counsel for the period of time from the Receivership Date (January 28, 2020) to June 30, 2021.

68. Professional fees and expenses rendered by the NWT Receiver from January 28, 2020 to June 30, 2021 total \$420,857 (exclusive of GST) (the “**NWT Receiver’s Fees and Disbursements**”) and are summarized in Appendix ‘C’.
69. Professional fees and expenses rendered by the NWT Receiver’s legal counsel, BLG, from January 28, 2020 to June 30, 2021 total \$32,293 (exclusive of GST) (the “**NWT Receiver’s Counsel’s Fees and Disbursements**”) and are summarized in Appendix ‘C’.
70. The accounts of the NWT Receiver and its legal counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the NWT Receiver’s and BLG’s invoices will be made available for the Court prior to the hearing of this Application.
71. The professional fees and disbursements of the NWT Receiver and the NWT Receiver’s Counsel for January 28, 2020 to June 30, 2021 are reflected in the actual cash flow receipts and disbursements discussed above.
72. The NWT Receiver respectfully submits that its professional fees and disbursements, and those of the NWT Receiver’s legal counsel BLG, are fair and reasonable in the circumstance, and commensurate with the work performed to date. The NWT Receiver therefore respectfully requests that this Court approve the NWT Receiver’s Fees and Disbursements and the NWT Receiver’s Counsel’s Fees and Disbursements.

## **NWT RECEIVER’S ONGOING ACTIVITIES**

73. The NWT Receiver’s ongoing activities include but are not limited to:
  - a) monitoring the NWT Property and ensuring it is in compliance with the:

- i. *Oil and Gas Operations Act* SNWT 2014, c.14, the terms and conditions of Operations Authorization OA-2018-003-SOG and other requirements of OROGO;
- ii. the *Mackenzie Valley Resource Management Act*, the *Waters Act*, requirements of the MVLWB and related requirements, and all other applicable legal and regulatory requirements; and
- b) continued consultations with GNWT and OROGO, the CER, the AER (as required), the staff of the MVLWB, other GNWT stakeholders and the Indigenous communities, with respect to the NWT Property;
- c) in consultation with the Sales Advisor, initiating and facilitating the proposed SSP; and
- d) facilitating, as required, the current discussions between the GNWT and the AER regarding the priority to funds that existed as at the Receivership Date and utilized by the Alberta Receiver, in addition to any funds remaining upon the expected discharge of the Alberta Receiver.

## **NWT RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS**

74. For the foregoing reasons, the NWT Receiver respectfully recommends that this Honourable Court grant the following relief:
- a) approve the engagement of Sayer Energy Advisors as Sales Advisor, and the Engagement Letter with respect thereto;
  - b) approve the proposed SSP;
  - c) approve the Restricted Court Access Order;
  - d) approve the conduct, actions and activities of the NWT Receiver as more particularly set forth in this Report;
  - e) approve the NWT Receiver's interim statement of receipts and disbursements, as set-out in this Report; and

- f) approve the NWT Receiver's Fees and Disbursements and the NWT Receiver's Counsel's Fees and Disbursements.

All of which is respectfully submitted this 12<sup>th</sup> day of July, 2021.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as the Court-appointed Receiver of  
the NWT Property and not in its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President



Duncan MacRae, CPA, CA, CIRP, LIT  
Vice President

## **APPENDIX A**





July 8, 2021

**Alvarez & Marsal Canada ULC**  
Suite 1110, 250 – 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3H7

Attention: **Mr. Duncan MacRae, CPA, CA, CIRP, LIT**  
**Director**

Dear Duncan:

RE: **Strategic Oil & Gas Ltd.**  
**Receivership Sale**  
**Engagement Agreement**

---

We understand that Alvarez & Marsal Canada Inc., in its capacity as court-appointed Receiver and Manager ("Alvarez" or the "Receiver") of certain assets located in the Northwest Territories held by Strategic Oil & Gas Ltd. ("Strategic" 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 Strategic's oil and natural gas assets located in the Northwest Territories, as well as the associated section of pipeline that crosses into the Alberta border (the "Property") held by Strategic as further described in the information brochure mailed out by Sayer as part of this engagement. We further understand that Strategic is presently the subject of a receivership order granted by the Alberta Court of Queen's Bench (the "Court") on January 28, 2020 (the "Receivership Order"), which Receivership Order, amongst other things, appointed Alvarez as Receiver over Strategic's Property in the NWT. The purpose of this letter is to outline the services to be performed by Sayer in relation to a sales solicitation process to be conducted by the Receiver in the Receivership proceedings, and the basis of Sayer's compensation in relation thereto.

Sayer understands and agrees that this engagement letter is subject to approval by the Court.

Sayer will provide assistance to the Receiver in:

- 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 Receiver and potential Candidates;
- d) providing information on the Property to the Candidates;
- e) providing information on the Candidates to Receiver;
- f) dealing with inquiries from Candidates and negotiating the Transaction(s);
- g) evaluating offers submitted to Receiver with respect to the Transaction(s);
- h) presenting or discussing the proposed sale of the Property with the Receiver's senior management; and/or



- i) assisting in the closing of the Transaction(s).

We agree to act as the Receiver'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 Receiver. Throughout this process, Sayer will keep the Receiver fully informed of its activities on the Receiver's behalf through written and/or verbal reports, and the Receiver will keep Sayer fully informed regarding its contacts with Candidates.

The Receiver 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 Receiver or Sayer.

It is understood that the Receiver is under no obligation or duty to complete any Transaction(s). It is further understood that Sayer provides financial advice and conducts merger and acquisition services for clients other than the Receiver 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 July 8, 2021 and continue until January 31, 2022 subject to extension thereafter by written agreement of the parties hereto or termination by the Receiver (the "Term"). The Receiver shall have the right to terminate this engagement agreement by way of written notice to Sayer at any time and for any reason, subject to payment of any fees that are outstanding as at the termination date.

The Receiver agrees to pay Sayer a work fee of [REDACTED] ("Work Fee") upon approval of this engagement agreement by the Court, 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.

Upon closing of the Transaction(s), the Receiver agrees to pay Sayer a success fee of [REDACTED] ([REDACTED] %) of the proceeds received by the Receiver, with a minimum fee of \$[REDACTED] and a maximum fee of \$[REDACTED] (the "Success Fee"). Sayer understands that all Transaction(s) are subject to Court approval. 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) is closed within twelve (12) months following the term of this agreement, provided that Sayer was the effective cause of any Transaction entered into after the expiry of the Term. The Success Fee is to be calculated as a percentage of the value received by the Receiver for the Transaction(s), and is to be based on the fair market value of the consideration paid (the "Value").

For greater certainty, the Value is to be defined as the cash price to be paid to the Receiver as a result of the Transaction(s), and/or the value of the securities or properties offered to the Receiver 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 by the Receiver for the Transaction(s). Notwithstanding the foregoing, it is hereby expressly agreed by the parties that any assumption of environmental liabilities or asset retirement obligations as part of a Transaction shall not constitute "Value" for the purposes of determining the Success Fee payable. 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 the books of account and records kept by the Receiver for the calculation of the Success Fee, with the cost of such audit to be borne by Sayer.

The Receiver also agrees to reimburse Sayer for all its legal expenses and out-of-pocket costs incurred in carrying out this assignment, with such costs amounting to more than \$[REDACTED] to be subject to the Receiver'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.

The Receiver agrees to apply for an order from the Court which approves the within engagement letter and further provides that Sayer, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Receiver as sales advisor or any matter referred to in this engagement letter, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of Sayer in performing its obligations under this engagement letter.

If we perform other services for the Receiver 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 Receiver's prior approval.

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 attorn 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 8th DAY OF JULY 2021

ALVAREZ & MARSAL CANADA INC., in its capacity as Court-Appointed Receiver of Strategic Oil & Gas Ltd. and not in its personal or corporate capacity

A handwritten signature in black ink, appearing to read 'Duncan MacRae', with a large loop at the start and a trailing flourish.

---

Duncan MacRae  
Vice President

## **APPENDIX B**

## SALE SOLICITATION PROCESS

### INTRODUCTION

On January 28, 2020, the Alberta Court of Queen's Bench (the "**Court**") made an order (the "**Receivership Order**") appointing Alvarez & Marsal Canada Inc. as receiver and manager (the "**Receiver**") over all of Strategic Oil and Gas Ltd.'s and Strategic Transmission Ltd.'s (together "**Strategic**") current and future assets, undertakings and properties of every nature and kind whatsoever situated in the Northwest Territories, including all proceeds thereof and including, without limiting the generality of the foregoing, any letters of credit issued in respect of assets situated in the Northwest Territories (the "**NWT Property**").

Additionally, Strategic Transmission Ltd. holds legal title to, and is the licensee of, a pipeline which crosses the border between Alberta and the Northwest Territories (the "**Interprovincial Pipeline**"). While the Receiver does not have possession of this Interprovincial Pipeline, nor is it in care and custody of such pipeline, on July 19, 2021, the Receiver obtained an order from the Court (the "**Sales Process Order**"), permitting the Receiver to conduct a sale solicitation process ("**SSP**") respecting the NWT Property and the Interprovincial Pipeline. For the purposes of this SSP, all references to NWT Property shall include reference to the Interprovincial Pipeline.

The Receiver intends to conduct this SSP as set out below to market and sell Strategic's NWT Property. The SSP will be conducted with the approval of the Court, and under the SSP, all qualified interested parties will be provided with an opportunity to participate in the SSP. The SSP is intended to solicit interest in a sale of the assets of Strategic.

The Receiver has engaged Sayer Energy Advisors as sales advisor (in such capacity, the "**Sales Advisor**") to administer and carry out the marketing steps contemplated by the SSP.

This document (the "**SSP Procedure**") outlines the SSP, which is comprised principally of three stages: pre-marketing, marketing, and offering and evaluation.

### OPPORTUNITY AND SSP SUMMARY

1. This SSP is intended to solicit interest in, and opportunities for a sale of all or part of Strategic's NWT Property (the "**Opportunity**"), which primarily consist of wells, pipelines, facilities and other oil and gas production assets located in the Northwest Territories. In particular, interested parties may submit proposals to acquire all, substantially all, or a portion of the NWT Property (a "**Sale Proposal**").
2. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Sale Proposal will be on an "as is, where is" and "without recourse" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver, the Sales Advisor or Strategic, or any of their respective affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of Strategic in and to the NWT Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

3. Solicitation of interest for Sale Proposals will be on an unpriced basis whereby no set asking price will be stipulated.
4. As described more fully in this SSP, the major stages in the SSP Procedure will be comprised of the following:
  - (a) **Pre-Marketing:** preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer lists;
  - (b) **Marketing:** advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and
  - (c) **Offer Submission and Evaluation:** solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.
5. The offer submission and evaluation stage of the SSP will be comprised of a one phase offering process, being the submission of formal binding offers from Qualified Bidders (as defined below).

## PROPERTY & REGULATORS

6. Strategic is the operator or has a working interest in the NWT Property comprised of approximately 54 well licenses, 1 facility, and 30 pipeline segments. In addition, as noted above, Strategic holds legal title to and is the licensee of the Interprovincial Pipeline.
7. The office of the Regulator of Oil and Gas Operations (“**OROGO**”) regulates oil and gas and related activities in the Northwest Territories, including wells, facilities, oil refineries, natural gas processing plants, pipelines and oil and gas roads, through licenses, authorizations, orders and regulations.
8. The Canada Energy Regulator (“**CER**”) is the agency of the Government of Canada under its Natural Resources Canada portfolio which licenses, supervises, regulates and enforces all applicable Canadian laws as regards to interprovincial and international oil, gas, and electric utilities.
9. The Mackenzie Valley Land and Water Board (“**MVLWB**” and together with CER and OROGO the “**Energy Regulator(s)**”) is a regulatory authority whose roles and responsibilities include issuing and administering land use permits and water licences and ensuring consistent application of the *Mackenzie Valley Resource Management Act* in the Mackenzie Valley.
10. Qualified Bidders will be required to be licensees in good standing with the applicable Energy Regulator, or to be otherwise eligible to hold licenses, permits or approvals issued by the applicable Energy Regulator with respect to the NWT Property.
11. Any Successful Bidder (as defined below) will be required to comply with all regulatory requirements of the applicable Energy Regulator. Nothing in this SSP shall constitute any

“pre-approval” of any transfers of applicable licenses, permits or approvals by the applicable Energy Regulator, nor shall it fetter the discretion of the Energy Regulators in any way. The Energy Regulators shall in each instance retain their discretion to approve the transfer of any applicable licenses, permits or approvals required under any Successful Bid (as defined below) pursuant to their governing legislation.

## **TIMELINE**

12. The following table sets out the key milestones under the SSP:

<b>Milestone</b>	<b>Deadline</b>
Launch Sales Process	August 20, 2021
Bid Deadline	September 23, 2021
Qualified Bidder(s) Notified	September 30, 2021
Successful Bidder(s) Notified	October 15, 2021
Estimated Date Court Approval	November 15, 2021
Estimated Closing Date	November 30, 2021

## **PRE-MARKETING STAGE**

13. As soon as reasonably practicable, but in any event by no later than August 20, 2021 (the “**Commencement Date**”):
- the Sales Advisor will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SSP and inviting recipients of the Teaser Letter to express their interest pursuant to the SSP; (ii) a non-disclosure agreement (an “**NDA**”); and (iii) a confidential Information Memorandum (“**CIM**”). The Teaser Letter, NDA and CIM shall be in form and substance satisfactory to the Receiver;
  - the Sales Advisor, with the assistance of the Receiver, will gather and review all required due diligence material to be provided to interested parties and shall establish a secure, electronic data room (the “**Data Room**”), which will be maintained and administered by the Sales Advisor during the SSP;
  - the Receiver, in consultation with the Sales Advisor, will develop a draft form of a purchase and sale agreement for use during the SSP (the “**Template PSA**”); and
  - the Sales Advisor, in consultation with the Receiver, will prepare a list of potential bidders, including: (i) parties that have approached one or more of the Sales Advisor, Strategic or the Receiver indicating an interest in the Opportunity; and (ii) local, national and international strategic and financial parties who the Sales



Advisor and the Receiver believe may be interested in purchasing all or part of the NWT Property pursuant to the SSP (collectively, “**Known Potential Bidders**”).

## MARKETING STAGE

14. As soon as reasonably practicable after the Commencement Date, the Sales Advisor shall:
  - (a) arrange for a notice of the SSP (and such other relevant information as the Sales Advisor, in consultation with the Receiver, considers appropriate) (the “**Notice**”) to be published in Daily Oil Bulletin and the BOE Report; and any other newspaper or journals as the Sales Advisor, in consultation with the Receiver, considers appropriate, if any; and
  - (b) send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
15. Any party who expresses a wish to participate in the SSP (a “**Potential Bidder**”) must, prior to being given any additional information such as the CIM and access to the Data Room, provide to the Sales Advisor:
  - (a) an NDA executed by it, and which shall inure to the benefit of any ultimate Successful Bidder; and
  - (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
16. A Potential Bidder that has delivered an executed NDA and the letter contemplated in paragraph 14(b) hereof, with disclosure that is satisfactory to the Receiver acting reasonably, and who the Sales Advisor, in consultation with the Receiver, determines has a reasonable prospect of completing a transaction contemplated herein, will be deemed a “**Qualified Bidder**” and will be promptly notified of such classification by the Sales Advisor.
17. The Sales Advisor will send the CIM and grant access to the Data Room to Qualified Bidders as soon as reasonably practicable after such execution and delivery.
18. Requests for information and access to the Data Room will be directed to the Sales Advisor, to the attention of the persons listed in **Schedule “A”** hereto. All printed information shall remain the property of the Receiver and, if requested by the Sales Advisor or the Receiver, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.

## OFFER SUBMISSION AND EVALUATION STAGE

### *Due Diligence*

19. The Sales Advisor, in consultation with the Receiver, subject to competitive and other business considerations, will afford each Qualified Bidder such access to due diligence materials through the Data Room and information relating to the NWT Property as it deems appropriate. Due diligence access may further include on-site inspections and other matters which a Qualified Bidder may reasonably request and to which the Sales Advisor, with the approval of the Receiver, in its reasonable business judgment, may agree. The Sales Advisor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Sales Advisor nor the Receiver will be obligated to furnish any information relating to the NWT Property to any person other than to a Qualified Bidder. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Receiver, in consultation with the Sales Advisor, determines such information to represent proprietary or sensitive competitive information.
20. The Sales Advisor, the Receiver, and their respective advisors, make no representation or warranty as to the accuracy or completeness of the information contained in the CIM, the Data Room, or other information to be provided through the due diligence process or otherwise, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Receiver and approved by the Court.
21. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the NWT Property in connection with their participation in the SSP and any transaction they enter into with the Receiver on behalf of Strategic.

### ***Formal Binding Offers***

22. A Qualified Bidder that desires to make a bid for the NWT Property, or any part thereof, must deliver written copies of a final, binding proposal (the “**Final Bid**”) in the form of a fully executed purchase and sale agreement, modeled after the Template PSA posted to the Data Room, to the Sales Advisor at the address specified in Schedule “A” hereto (including by email or fax transmission) so as to be received by the Sales Advisor not later than 12:00 PM (Calgary time) on or before September 23, 2021 (the “**Bid Deadline**”).
23. A Final Bid may be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder and the Final Bid complies with, among other things, the following:
  - (a) it is submitted on or before the Bid Deadline by a Qualified Bidder;
  - (b) it contains:
  - (c) a duly executed purchase and sale agreement based on the Template PSA posted to the Data Room; and
  - (d) a blackline of the executed purchase and sale agreement to the Template PSA;

- (e) it includes a letter stating that:
    - (i) the Final Bid is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with such Successful Bidder; and
    - (ii) that the Qualified Bidder is a licensee in good standing with the applicable Energy Regulator, or is otherwise eligible to obtain or hold licenses, permits or approvals with respect to the NWT Property from the applicable Energy Regulator,
  - (f) it includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow the Receiver to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
  - (g) it 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 Final Bid;
  - (h) it is not conditional upon:
    - (i) the outcome of unperformed due diligence by the Qualified Bidder apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld from the Qualified Bidder; and/or
    - (ii) obtaining financing;
  - (i) it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);
  - (j) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), or such other form of payment acceptable to the Receiver, payable to the order of the Receiver, in an amount equal to 10% of the total consideration in the Final Bid, to be held and dealt with in accordance with this SSP;
  - (k) it contemplates court approval;
  - (l) it contemplates a schedule for closing the transaction set out therein which is on or before November 30, 2021 (the "**Estimated Closing Date**").
  - (m) it contains such other information as reasonably requested by the Sales Advisor or Receiver from time to time.
24. The Receiver may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Bid. For the avoidance of doubt,

the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

25. The Sales Advisor, in consultation with the Receiver, may, following the receipt of any bid, seek clarification with respect to any of the terms or conditions of such bid and/or request and negotiate one or more amendments to such bid prior to determining if the bid should be considered a Qualified Bid.
26. Following the Bid Deadline, the Receiver and the Sales Advisor will assess the bids received with respect to the NWT Property. The Receiver, in consultation with the Sales Advisor and the Government of the Northwest Territories (“GNWT”) will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
27. The Receiver may aggregate separate bids from unaffiliated Qualified Bidders to create one or more Qualified Bids.
28. The Sales Advisor, upon receiving instructions from the Receiver, shall notify each Qualified Bidder in writing as to whether its bid constituted a Qualified Bid within five (5) business days of the Bid Deadline, or at such later time as the Receiver deems appropriate.
29. If the Receiver is not satisfied with the number or terms of the Qualified Bids, the Receiver, in consultation with the Sales Advisor and GNWT, may extend the Bid Deadline without Court approval.
30. The Receiver may terminate further participation in this SSP by any interested party, or modify dates or procedures in this SSP as deemed appropriate or necessary, or terminate the process altogether, including in the event that no Qualified Bids are received by the Bid Deadline or no Final Bids are deemed commercially reasonable by the Receiver.

### ***Selection of Successful Bid***

31. The Receiver shall review all Qualified Bids in consultation with the Sales Advisor and GNWT. The Receiver may give preference to the Qualified Bid or combination of Qualified Bids that results in the largest amount of environmental liabilities being addressed in terms of liabilities assumed and/or cash provided.
32. The Receiver, in consultation with the Sales Advisor and GNWT, shall identify the highest or otherwise best bid(s) (the “**Successful Bid(s)**”), and the Qualified Bidder(s) making such Successful Bid (the “**Successful Bidder(s)**”) for any particular NWT Property in whole or part. The determination of any Successful Bid by the Receiver shall be subject to approval by the Court.
33. The Sales Advisor, upon receiving instructions from the Receiver, shall notify the Successful Bidder or Bidders, as the case may be, that their bids constituted the Successful Bid or Bids within ten (10) business days of the date they were notified that their bids constituted Qualified Bids, or at such later time as the Receiver deems appropriate.

34. The Receiver reserves the right not to accept any Qualified Bid or to otherwise terminate the SSP.
35. This SSP shall terminate in the event that: (a) no Qualified Bidder submits a Qualified Bid by the Bid Deadline, and the Bid Deadline is not otherwise extended as contemplated pursuant to paragraph 29 hereof; or (b) the Receiver, in consultation with the Sales Advisor and GNWT determine that none of the Qualified Bids should be accepted as a Successful Bid.

### ***Sale Approval Motion***

36. The Receiver shall apply to the Court (the “**Approval Motion**”) for Sale Approval and Vesting Orders (“**Approval Orders**”) approving any Successful Bid(s) and authorizing the Receiver to enter into any and all necessary agreements with respect to the Successful Bid and vesting title to the NWT Property subject to the bid(s) in the name of the Successful Bidder(s).
37. The Approval Motion will be held on a date to be scheduled by the Receiver with the Court upon application of the Receiver. The Approval Motion may be adjourned or rescheduled by the Receiver without further notice by an announcement of the adjourned date at the Approval Motion or in a notice to the service list prior to the Approval Motion.
38. All the Qualified Bids other than the Successful Bid(s), if any, shall be deemed rejected by the Receiver on and as of the date of granting of the Approval Orders by the Court, but not before, and shall remain open for acceptance until that time.

### ***Deposits***

39. All Deposits shall be retained by the Receiver and invested in a non-interest bearing trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder, whose bid is approved at the Approval Motion, shall be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as a Successful Bidder shall be returned to such bidders within five (5) business days of the date upon which the Approval Order(s) is granted by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) business days of the date upon which this SSP is terminated in accordance with these procedures.

### ***Confidentiality and Access to Information***

40. Participants and prospective participants in the SSP 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, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver and such other bidders or Potential Bidders in connection with the SSP. The Receiver may however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids from Qualified Bidders.

*Supervision of the SSP*

41. The Receiver will participate in the SSP in the manner set out in this SSP Procedure and the SSP Order and is entitled to receive all information in relation to the SSP.
42. This SSP does not, and will not be interpreted to create any contractual or other legal relationship between Strategic, the Sales Advisor or the Receiver and any Potential Bidder, Qualified Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Receiver on behalf of Strategic and approved by the Court.
43. Without limiting the preceding paragraph, neither the Receiver nor the Sales Advisor shall have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder, or any other creditor or other stakeholder of Strategic, for any act or omission related to the process contemplated by this SSP, except to the extent such act or omission is the result of gross negligence or willful misconduct of the Receiver or Sales Advisor. By submitting a bid, each Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver or Sales Advisor for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Receiver or Sales Advisor.
44. Participants in the SSP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any bid, Final Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
45. At any time during the SSP, the Receiver may apply to the Court for advice and directions with respect to any aspect of this SSP or the discharge of its powers and duties hereunder.
46. The Receiver shall have the right, in consultation with the Sales Advisor, to modify the SSP and the deadlines set out herein if, in its reasonable business judgment, such modification is necessary or will enhance the process or better achieve the objectives of the SSP.

## **SCHEDULE “A”**

### **Sales Advisor**

Sayer Energy Advisors  
1620, 540 – 5th Avenue SW  
Calgary, AB T2P 0M2

**Attention: Ben Rye & Tom Pavic**

Telephone: (403) 266-6133

Email: [Brye@sayeradvisors.com](mailto:Brye@sayeradvisors.com); [TPavic@sayeradvisors.com](mailto:TPavic@sayeradvisors.com)

### **Receiver**

Alvarez & Marsal Canada Inc.  
Bow Valley Square IV  
Suite 1110, 250-6<sup>th</sup> Avenue SW  
Calgary AB, T2P 3H7

**Attention: Orest Konawalchuk & Duncan MacRae**

Telephone: (403) 538-4736/(403)538-7514

Email: [okonowalchuk@alvarezandmarsal.com/dmacrae@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com/dmacrae@alvarezandmarsal.com)

## APPENDIX C

Strategic - NWT Property NWT Receiver's Fees and Expenses Incurred in Reporting Period CAD \$, unaudited			
	Fees and expenses	GST	Total
<b>NWT Receiver's fees and expenses - previously reported</b>			
January 28 to September 30, 2020	300,659	15,001	315,661
	<b>\$ 300,659</b>	<b>\$ 15,001</b>	<b>\$ 315,661</b>
<b>NWT Receiver's fees and expenses</b>			
October 1 to October 31, 2020	25,709	1,285	26,994
November 1 to November 30, 2020	24,258	1,213	25,470
December 1 to December 31, 2020	5,309	1,228	6,537
January 1 to January 31, 2021	6,564	328	6,892
February 1 to February 28, 2021	5,307	265	5,573
March 1 to March 31, 2021	13,697	685	14,382
April 1 to April 30, 2021	11,488	574	12,062
May 1 to May 31, 2021	5,252	263	5,515
	<b>\$ 97,582</b>	<b>\$ 5,842</b>	<b>\$ 103,425</b>
<b>Forecast Disbursements for Costs Incurred</b>			
June 1 to June 30, 2021	\$ 22,615	\$ 1,131	\$ 23,745
	<b>\$ 22,615</b>	<b>\$ 1,131</b>	<b>\$ 23,745</b>
<b>Total</b>	<b>\$ 420,857</b>	<b>\$ 21,974</b>	<b>\$ 442,831</b>

Strategic - NWT Property NWT Receiver's Counsel's Fees and Expenses Incurred CAD \$, unaudited			
	Fees and expenses	GST	Total
<b>Legal fees and expenses - previously reported</b>			
January 28 to September 30, 2020	10,994	550	11,544
	<b>\$ 10,994</b>	<b>\$ 550</b>	<b>\$ 11,544</b>
<b>Legal fees and expenses</b>			
October 1 to November 30, 2020	12,106	602	12,708
December 1 to December 31, 2020	1,682	84	1,766
January 1 to March 31, 2021	336	17	353
April 1 to April 30, 2021	1,068	53	1,121
	<b>\$ 15,192</b>	<b>\$ 756</b>	<b>\$ 15,948</b>
<b>Forecast Disbursements for Costs Incurred</b>			
June 1 to June 30, 2021	\$ 6,107	305	6,412
	<b>\$ 6,107</b>	<b>\$ 305</b>	<b>\$ 6,412</b>
<b>Total</b>	<b>\$ 32,293</b>	<b>\$ 1,611</b>	<b>\$ 33,904</b>



## **TABLE OF CONTENTS OF THE SECOND REPORT OF THE NWT RECEIVER**

<b>INTRODUCTION .....</b>	<b>3</b>
<b>TERMS OF REFERENCE .....</b>	<b>6</b>
<b>BACKGROUND AND OVERVIEW .....</b>	<b>6</b>
<b>SUBSEQUENT ACTIVITIES OF THE NWT RECEIVER .....</b>	<b>7</b>
<b>REGULATORY MATTERS .....</b>	<b>9</b>
<b>PROPOSED SALES PROCESS.....</b>	<b>13</b>
<b>RECEIPTS AND DISBURSEMENTS – NOVEMBER 7, 2020 TO JULY 9, 2021 ...</b>	<b>19</b>
<b>APPROVAL OF FEES AND EXPENSES .....</b>	<b>20</b>
<b>NWT RECEIVER’S ONGOING ACTIVITIES .....</b>	<b>21</b>
<b>NWT RECEIVER’S CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>22</b>

## **LISTING OF APPENDICES TO THE SECOND REPORT OF THE RECEIVER**

<b>APPENDIX A</b>	Redacted Sales Advisor Engagement Letter
<b>APPENDIX B</b>	Proposed Sales Solicitation Process
<b>APPENDIX C</b>	Summary of Professional Fees

## INTRODUCTION

1. On January 28, 2020 (the “**Receivership Date**”), by order of the Honourable Justice Horner, Alvarez & Marsal Canada Inc., at the request of the government of the Northwest Territories (“**GNWT**”), was appointed receiver and manager (the “**NWT Receiver**”), without security, of all of Strategic Oil and Gas Ltd.’s and Strategic Transmission Ltd.’s (“**Strategic**” or the “**Company**”) current and future assets, undertakings and properties of every nature and kind whatsoever situated in the Northwest Territories, including all proceeds thereof and including, without limiting the generality of the foregoing, any letters of credit (“**NWT LCs**”) issued in respect of assets situated in the Northwest Territories (the “**NWT Property**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”), and section 13(2) of the *Judicature Act*, RSA 2000, c J-2 (the “**NWT Receivership Order**”).
2. Prior to the Receivership Date, the Company had sought and obtained protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) pursuant to an order granted by the Alberta Court of Queen’s Bench on April 10, 2019 (the “**Initial Order**”). The Initial Order granted, *inter alia*, a stay of proceedings (the “**Stay**”) against Strategic until and including May 6, 2019 and appointed KPMG Inc. as Monitor (“**Monitor**”). The proceedings commenced by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
3. By a series of subsequent orders, the Court extended the Stay to January 31, 2020. However, the Company was unable to develop a plan of arrangement or compromise (“**Plan**”) in any iteration acceptable to the GNWT, the Alberta Energy Regulator (“**AER**”), and the office of the Regulator of Oil and Gas Operations for the Northwest Territories (“**OROGO**”) and, was subsequently placed into Receivership upon application of GMT Capital Corp.
4. Concurrently, GMT Capital Corp. requested that a separate receiver (the “**Alberta Receiver**”) be appointed over Strategic, excepting the NWT Property. This consisted primarily of Strategic’s business, undertakings and properties located in Alberta. Consequently, a separate receivership order was granted appointing

KPMG Inc. as receiver and manager (the “**Alberta Receiver**”) respecting Strategic and its Alberta assets (the “**Alberta Receivership Order**”). Further background on the CCAA Proceedings and the Alberta Receiver’s proceedings have been posted on the Alberta Receiver’s website at: <https://www.kpmg.com/ca/strategic>.

5. Amongst other things, the NWT Receivership Order empowers and authorizes, but does not obligate, the NWT Receiver to take possession and control of the NWT Property and to sell, convey, transfer, lease or assign the NWT Property or any part or parts thereof out of the ordinary course of business. Except as they specifically relate to the NWT Property, all powers of the receivership in relation to Strategic’s assets, business, undertakings and properties fall under the exclusive jurisdiction of the Alberta Receiver.
6. A dispute exists regarding the priority of funds that existed as at the Receivership Date and which funds were utilized by the Alberta Receiver through the course of its administration of Strategic’s Alberta receivership proceedings, in addition to the funds remaining in the estate of the Alberta Receiver. As further detailed in this Report, no cash was made available from Strategic or the Alberta Receiver to the NWT Receiver at the Receivership Date or subsequently, and as such, throughout the within Receivership Proceedings, the NWT Receiver has been funded entirely by the GNWT. On November 20, 2020, by order of this Honourable Court, the Alberta Receiver was partially discharged and remains in care and custody of approximately \$780,000 in relation to this dispute. The NWT Receiver understands that all of the AER, the Canada Energy Regulator (“**CER**”), and GNWT and/or OROGO have advanced claims against the funds which existed as at the Receivership Date. This dispute remains outstanding.
7. The purpose of this second report of the NWT Receiver (the “**Second Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
  - a) subsequent activities of the NWT Receiver since the first report of the NWT Receiver dated November 9, 2020 (the “**First Report**”);

- b) the NWT Receiver’s application for an order approving the NWT Receiver’s engagement of Sayer Energy Advisors (the “**Sales Advisor**”) to act as advisor to the NWT Receiver for the purposes of, and to assist the NWT Receiver with, conducting the NWT Receiver’s proposed Sales Solicitation Process (“**SSP**”) respecting the NWT Property, and approving the engagement letter between the NWT Receiver and the Sales Advisor dated July 8, 2021 (the “**Engagement Letter**”);
  - c) the NWT Receiver’s application for an order approving the proposed SSP;
  - d) the NWT Receiver’s application for an order (the “**Restricted Court Access Order**”) sealing the First Confidential Supplemental Report, dated July 12, 2021 to this Second Report (“**First Confidential Supplement**”);
  - e) the cash flow results for the period from November 7, 2020 to July 9, 2021;
  - f) approval of the NWT Receiver’s actions, activities and conduct, and approval of the NWT Receiver’s fees and disbursements and those of the NWT Receiver’s independent legal counsel, Borden Ladner Gervais LLP (“**BLG**”); and
  - g) the NWT Receiver’s conclusions and recommendations with respect to the foregoing.
8. Capitalized words or terms not otherwise defined in this Report are as defined in the NWT Receivership Order.
  9. All references to dollars are in Canadian currency unless otherwise noted.

## TERMS OF REFERENCE

10. In preparing this Report, the NWT Receiver has relied upon: (i) the representations of certain management and other key stakeholders of Strategic; and (ii) financial and other information contained in the Company's books and records, which were produced and maintained principally by the Company. The NWT Receiver has not performed an audit, review or other verification of such information.
11. Further, the NWT Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the NWT Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information. Future oriented financial information relied upon in this Report is based on the NWT Receiver's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

## BACKGROUND AND OVERVIEW

12. Strategic is an oil and gas exploration and production company with non-operational wells in the Cameron Hills area of the Northwest Territories and other producing and non-producing areas throughout Alberta.
13. Strategic Oil and Gas Ltd. was incorporated under the *Alberta Business Corporations Act* in April 2012 and was publicly traded on the TSX Venture Exchange in Canada under the symbol "SOG". A cease trade order was issued to the Company by the Alberta Securities Commission on May 6, 2019.
14. Strategic Transmission Ltd. ("STL") was incorporated under the *Canada Business Corporations Act*. In June 2013, Strategic Oil and Gas Ltd. acquired all the outstanding common shares of STL, in conjunction with the acquisition of the NWT Property.

15. STL holds legal title to the section of pipeline that crosses the Alberta border into the Cameron Hills area of the Northwest Territories, which is regulated by the CER (the “**Interprovincial Pipeline**”). Beyond holding legal title to the pipeline, STL has no other assets or operations.
16. Due to the oil and gas industry downturn, the Company began experiencing financial difficulties and, as noted above, on April 10, 2019, sought and obtained protection under the CCAA in the form of the Initial Order. Ultimately, the NWT Receiver understands that Strategic determined that no Plan could successfully be presented to its creditors that would garner approval, and as a result, the NWT Receivership Order and the Alberta Receivership Order were each granted, as further discussed above.
17. Further background is contained in the materials filed in support of the NWT Receivership Order. These documents and other publicly filed Court materials in these proceedings have been posted on the NWT Receiver’s website at: <https://www.alvarezandmarsal.com/sog> (the “**NWT Receiver’s Website**”).

## **SUBSEQUENT ACTIVITIES OF THE NWT RECEIVER**

18. Since the First Report, the NWT Receiver’s activities have included, but are not limited to, the following:
  - a) administering and monitoring, with the assistance of its independent contractors, the various well and facility locations in Cameron Hills for the purposes of care and custody of the NWT Property and necessary safety and environmental monitoring;
  - b) monitoring the cash flow expenditures required to preserve and protect the NWT Properties and pay other administrative matters during the receivership proceedings;
  - c) arranging for continued funding from the GNWT to allow the NWT Receiver to carry out its duties pursuant to the NWT Receivership Order;

- d) attending to various communications and virtual meetings with certain GNWT officials to discuss various matters related to the NWT Receivership Proceedings;
- e) attending meetings with officials of the Mackenzie Valley Land and Water Board (the “**MVLWB**”) to discuss various matters related to the NWT Receivership Proceedings;
- f) communicating with CER officials to discuss the CER regulated pipeline and its implications to the NWT Receivership Proceedings;
- g) providing instructions to the NWT Receiver’s independent legal counsel, BLG, in respect of NWT the Receivership Proceedings;
- h) performing ongoing monitoring and regulatory compliance, with the assistance of various contractors;
- i) considering an unsolicited, non-binding offer by an interested party (“**Unsolicited, Non-Binding Offer**”), in consultation with GNWT and OROGO respecting the purchase of several Cameron Hills Wells, facilities and pipelines;
- j) attending multiple meetings and hosting various communications with the GNWT, OROGO and respective legal counsel, in general;
- k) communicating with the Alberta Receiver and respective legal counsel on matters concerning the joint administration of the NWT Receivership Proceedings;
- l) formally requesting proposals from three reputable sales advisors, which is discussed further within this Report;
- m) negotiating and entering into the Engagement Letter with the Sales Advisor; and
- n) in consultation with the Sales Advisor and the GNWT, developing the proposed SSP.

## REGULATORY MATTERS

### OROGO Abandonment Order

19. On October 4, 2019, OROGO issued an order requiring the abandonment of approximately 40 wells and decommissioning oil and gas infrastructure, including the gathering system at Cameron Hills within the deadlines set between January 31, 2023 and May 14, 2025 (the “**Abandonment Order**”).
20. The NWT Receiver obtained a third-party estimate to perform the necessary work under the Abandonment Order. This estimate was limited to abandonment of the wells and did not include reclamation of associated land and water liabilities. The estimated preliminary cost of the work under the Abandonment Order is significant and is currently being contemplated by the NWT Receiver, in consultation with the GNWT, as to next steps.
21. On January 27, 2021, the NWT Receiver submitted to OROGO, a proposed plan for the abandonment or decommissioning of Strategic’s 24 suspended wells and associated facilities due for abandonment by January 31, 2023 under the Well Suspension and Abandonment Guidelines and Interpretation Notes (Guidelines) (the “**Initial Plan**”). Pursuant to the Initial Plan, the NWT Receiver proposed extending the abandonment date respecting 11 wells and associated facilities from January 31, 2023 to March 31, 2023, which was granted by OROGO.
22. The Initial Plan proposed completing the abandonment or decommissioning of Strategic’s 24 suspended wells and associated facilities due for abandonment by the following dates:
  - a) 13 wells by March 31, 2022; and
  - b) 11 wells by March 31, 2023.
23. Since approval by OROGO of the Initial Plan, the NWT Receiver, in consultation with the GNWT, has been considering next steps in these Receivership proceedings. These considerations have included how best to address the NWT



Property with a view to maximizing realizations from these assets and reducing the amount of exposure (liability and environmental concerns) to the GNWT and its other stakeholders. The NWT Receiver has determined, with the support of the GNWT, that the best prospects of maximizing value for all concerned stakeholders is through a thorough marketing and sales process, which is contemplated by the proposed SSP respecting the NWT Property.

24. Should the Court approve the SSP (as discussed further in this Report), it is expected that the launch of the SSP will occur in late August or beginning of September 2021. The results of the SSP may have a material impact on the timing of the NWT Receiver's ability to abandon and/or decommission the 24 wells and associated facilities as listed above. Further, the NWT Receiver may not know the full results of the SSP until late fall or early winter of 2021.
25. As a result, on July 6, 2021, the NWT Receiver respectfully requested for OROGO to provide an additional one-year extension to abandon and/or decommission the 24 wells and associated facilities. Specifically, the NWT Receiver requested to extend the above-mentioned abandonment deadlines for the:
  - a) 13 wells from March 31, 2022 to March 31, 2023 ("**13 Wells**"); and
  - b) 11 wells from March 31, 2023 to March 31, 2024 ("**11 Wells**").
26. The purpose of this extension request is to allow the NWT Receiver to determine if there is an acceptable party willing to purchase the NWT Property (which may include some or all of the 24 wells above). In addition, given the timing of the proposed SSP, the NWT Receiver is concerned that it may not have the appropriate amount of time to plan for a proper and effective abandonment program should the Court approve the SSP, in particular with respect to the initial 13 Wells noted above. In addition, beginning the abandonment program will require adequate permitting from the MVLWB with respect to the Land Use Permit for the activities required to conduct the abandonment program.

27. On July 9, 2021, OROGO responded to the NWT Receiver's request for an extension and confirmed that they would agree to extending the abandonment of the 13 Wells by March 31, 2023; however, OROGO would not agree to extend the abandonment for the 11 Wells to March 31, 2024. As such, the abandonment for all 24 wells will now be required to be abandoned by March 31, 2023 and the NWT Receiver will be developing an acceptable abandonment and reclamation plan, in consultation with the GNWT, OROGO and MVLWB, post outcome of the proposed SSP.

### **Other Ancillary Regulatory Matters**

28. In addition to the Abandonment Order, the NWT Receiver was required to submit additional plans, specifically, a Site Wide Monitoring Plan ("SWMP") and Conceptual Closure & Reclamation Plan ("CCRP") with MVLWB, which are both required under the land use permit and water licence issued to Strategic by MVLWB.
29. On March 31, 2021, the SWMP was submitted to the MVLWB. The NWT Receiver and its consultants continue to develop the CCRP, with consultation of the GNWT and the MVLWB.
30. The NWT Receiver recently submitted the 2020/21 Water Licence Annual Report on June 30, 2021 to MVLWB and will continue to plan and comply with all other regulatory matters. The NWT Receiver intends to apply to the MVLWB to extend the storage authorization, to delay the requirement to remove all structures used in connection with the operation, for an additional period of one year, which it understands is possible under the *Mackenzie Valley Land Use Regulations*. The NWT Receiver understands that any new operator will have the opportunity to apply for a Land Use Permit under the *Mackenzie Valley Land Use Regulations*.
31. The NWT Receiver understands that it is in compliance with OROGO and the other NWT regulatory bodies regarding the NWT Property and is not aware of any other

order issued by OROGO or any other regulatory body that has not yet been addressed and/or requires significant additional work.

### **Interprovincial Pipeline Issues**

32. In preparing the proposed SSP, as further described below, the NWT Receiver encountered an issue in interpreting the scope of the definition of “NWT Property” pursuant to the terms of the NWT Receivership Order. Specifically, it was not clear whether this included the Interprovincial Pipeline.
33. The NWT Receiver engaged in discussions with counsel for CER regarding this issue. The NWT Receiver conveyed to counsel for CER that while the NWT Receiver had an interest in that portion of the Interprovincial Pipeline situated on lands in the NWT, the NWT Receiver was not in possession of, nor has it taken care and custody of, this pipeline. Notwithstanding this fact, the NWT Receiver also advised counsel for CER that, subject to CER’s consent, the NWT Receiver would be willing to include the entirety of this Interprovincial Pipeline in the proposed SSP in order to expose the pipeline to the market for sale, thereby potentially realizing value for all of Strategic’s stakeholders, including CER, by conveying the pipeline to a responsible operator. CER’s counsel has advised that CER is agreeable with this approach.
34. Additionally, the NWT Receiver reached out to counsel for the Alberta Receiver to discuss this issue. Counsel for the Alberta Receiver confirmed that, subject to the Partial Discharge Order granted by the Court on November 20, 2020, the Alberta Receiver was partially discharged from and over all of the Alberta Property not sold during the Alberta Receivership Proceedings. As such, the Alberta Receiver advises that the Interprovincial Pipeline (if it was under the care and control of the Alberta Receiver), is no longer under the purview of the Alberta Receiver. In addition, Counsel for the Alberta Receiver further confirmed it was also of the view that the Interprovincial Pipeline is not specifically discussed in any of the Court orders and that the Receivership Order does not expressly state who has jurisdiction over federally regulated assets.

35. As a result, the NWT Receiver is of the view that the proposed SSP should include the marketing and opportunity for purchasers to acquire this Interprovincial Pipeline and that such acquisition will be subject to all applicable regulatory requirements.

## **PROPOSED SALES PROCESS**

### **Overview**

36. Over the past two years, the Strategic assets were previously exposed to the market for sale in both the CCAA Proceedings and the Alberta Receivership Proceedings (excluding the NWT Property).
37. Specifically, during the course of Strategic's CCAA Proceedings, Strategic, with the assistance of KPMG Corporate Finance, conducted a Court-approved sales and investment solicitation process ("**CCAA SISP**"), soliciting offers for either i) an acquisition of some or all of Strategic's assets, including the NWT Property, or ii) an investment, recapitalization or restructuring of the company. The CCAA SISP commenced on May 13, 2019. Ultimately, the CCAA SISP did not result in a successful bid that was supported by the GNWT, the AER and OROGO.
38. On or around February 28, 2020, in the Alberta Receivership proceedings, the Alberta Receiver conducted an additional Court-approved sales solicitation process (the "**Alberta Receivership Sales Process**") respecting Strategic's assets, however, this sales process excluded the NWT Property.
39. To date, the NWT Receiver has not conducted its own sales process in the NWT Receivership Proceedings, as the NWT Receiver focused on the regulatory and compliance obligations of the NWT Property. The NWT Receiver, with the support of GNWT, believes it is now an opportune time to expose the NWT Property, including the Interprovincial Pipeline, to the market, as discussed further below.
40. The NWT Receiver has analyzed and evaluated Strategic's NWT Property and determined that conducting a sales process respecting same, with the assistance of

an experienced sales advisor, is the most commercially reasonable manner by which to maximize value for Strategic's stakeholders and, where possible, transfer as many of the oil and gas properties to responsible third parties.

41. The NWT Receivership Order empowers and authorizes, but does not obligate, the NWT Receiver to, among other things:

- a) take possession of and exercise control over the NWT Property;
- b) engage consultants, appraisers, agents and experts to assist the NWT Receiver in exercising its powers and duties;
- c) market any or all of the NWT Property, including advertising and soliciting for offers with respect of the NWT Property and negotiating such terms and conditions of sale as the NWT Receiver may deem appropriate; and
- d) apply for any vesting order or other orders necessary to convey the NWT Property or any part of parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such property.

42. Notwithstanding the above power to market and sell the NWT Property included within the NWT Receivership Order, the NWT Receiver is requesting that the Court approve the SSP as:

- a) a court approved sales process will provide fairness, clarity and consistency to stakeholders involved in the NWT Receivership Proceedings, including prospective purchasers; and
- b) the Court will ultimately be requested by the NWT Receiver to approve offers and vest property interests, and the NWT Receiver wishes to seek this Honourable Court's approval at the earliest opportunity.

43. The GNWT and the CER have reviewed the proposed Sales Process and the NWT Receiver understands that they have no objection to the proposed Sales Process and the retention of the Sales Advisor.

## **Sales Advisor Proposals**

44. The NWT Receiver requires advisory services to run a robust sales process in order to maximize value to Strategic's creditors and stakeholders. Given the nature of the NWT Property, the NWT Receiver requires the assistance of a party who has experience providing advisory services on divestitures specific to the oil and gas industry.
45. Given this, on June 22, 2021, the NWT Receiver identified and contacted four separate independent sales advisors with experience in Canadian oil and gas merger and acquisition and asset divestiture activities. The NWT Receiver received proposals from three of the four parties contacted. Having received three competitive proposals, the NWT Receiver provided each potential sales advisor with a further opportunity to clarify certain terms of their proposals and adjust their fee structure, if appropriate. Given the confidential nature of the proposals received, and the fact that some of the proposals contain commentary on the NWT Receiver's anticipated sales process respecting Strategic's NWT Property, copies of the proposals have been included only in the First Confidential Supplement.
46. Based on the revised proposals received, the NWT Receiver, with the support of GNWT, selected Sayer Energy Advisors to act as Sales Advisor. Following this selection, the NWT Receiver negotiated the terms and entered into the Engagement Letter with the Sales Advisor, which Engagement Letter is subject to approval by this Honourable Court. A redacted copy of the engagement letter is attached to this Report as Appendix 'A', with the commercial terms as to the Sales Advisor fee structure redacted. An unredacted copy of the engagement letter is attached to the First Confidential Supplement.
47. After carefully considering the proposals, and following consultation with the GNWT, the NWT Receiver entered into the Engagement Letter (subject to Court approval) with the Sales Advisor considering that:
  - a) the Sales Advisor is well known in the local industry and specializes in coordinating disposition programs in the oil and gas industry;

- b) has previously acted as a sales advisor of distressed assets, including in the insolvency context; and
  - c) was reasonably priced in comparison to the other proposals received, especially in considering the additional experience possessed by the Sales Advisor.
- 48. The fee structure within the engagement letter contains a work fee and a success fee. The NWT Receiver believes that the quantum of fees payable under the Engagement Letter reflect an appropriate incentive to secure the highest and best bid for the NWT Property and is fair, reasonable and consistent with fee arrangements in other engagements of similar size, scope and complexity in its experience. In the result, the NWT Receiver is of the view that the fee structure is commercially reasonable in the circumstances.
- 49. The NWT Receiver therefore seeks the approval of the engagement by the NWT Receiver of the Sales Advisor and approval of the Engagement Letter, including the fees payable thereunder, to assist the NWT Receiver with, and facilitate, the proposed SSP.

#### **Summary of the proposed SSP**

- 50. The NWT Receiver has developed, in consultation with the GNWT and the CER, the proposed SSP with a view to solicit interest in, and opportunities for a sale of all or part of Strategic's NWT Property, including the Interprovincial Pipeline. A copy of the proposed SSP is attached to this Report as Appendix 'B'.
- 51. Below, the NWT Receiver has summarized the main milestones of the proposed SSP.
- 52. The SSP will be facilitated by the Sales Advisor (subject to Court approval), under the supervision of the NWT Receiver.
- 53. The major stages in the SSP will be comprised of the following:

- a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer lists;
  - b) Marketing: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and
  - c) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.
54. In consultation with the Sales Advisor, the NWT Receiver determined a midsummer launch may have undesirable results. As a result, the marketing stage will launch in late August with greater anticipated activity through September.
55. The following table sets out the key milestones under the Sales Process:

<b>Milestone</b>	<b>Deadline</b>
Launch Sales Process	August 20, 2021
Bid Deadline	September 23, 2021
Qualified Bidder(s) Notified	September 30, 2021
Successful Bidder(s) Notified	October 15, 2021
Estimated Date Court Approval	November 15, 2021
Estimated Closing Date	November 30, 2021

56. The Sales Process will be advertised through a targeted email marketing campaign conducted by the Sales Advisor, as well as through advertisements placed in the Daily Oil Bulletin, the BOE Report, as well as any additional publication determined to be beneficial to the SSP by the NWT Receiver, the Sales Advisor or any of the other stakeholders.
57. The NWT Receiver believes that the proposed SSP provides reasonable market exposure (of assets that have previously been exposed directly to the market), while balancing the concerns of OROGO and the MVLWB, in addition to the GNWT, and the CER, the latter two of which have expressed their support for the SSP.



58. Further, the NWT Receiver is of the view that the proposed SSP is in the best interests of the stakeholders for, among others, the following reasons:
- a) the NWT Property has been previously marketed by reputable sales agents;
  - b) the SSP exposes the entirety of NWT Property, including the Interprovincial Pipeline, to prospective purchasers, while allowing purchasers the opportunity to acquire all, or only part of, the NWT Property, thus increasing the chances that at least some of the NWT Property may be acquired by a third party;
  - c) the SSP requires that any Successful Bidder (as defined in the SSP) be compliant with the applicable regulatory authorities, being either OROGO, CER, and/or the MVLWB. Ongoing involvement throughout the SSP with these regulatory authorities will be critical to a successful outcome;
  - d) the SSP provides a fair and transparent process which will be conducted in such a manner to give potential bidders equal access to the sales process;
  - e) no stakeholder appears to be prejudiced by the process; and
  - f) the Sales Advisor has substantial experience in marketing oil and gas properties using a similar process in insolvency proceedings.
59. The NWT Receiver is of the view that the proposed SSP will result in a fair and transparent sales process, whose broad marketing, combined with the experience and expertise of the Sales Advisor, will optimize the chances of securing the best possible price for the NWT Property and Interprovincial Pipeline. The NWT Receiver is therefore of the view that the proposed SSP is commercially reasonable in the circumstances.

## RECEIPTS AND DISBURSEMENTS – NOVEMBER 7, 2020 TO JULY 9, 2021

60. The following is a statement of the NWT Receiver's receipts and disbursements ("R&D") in respect of the NWT Property from November 7, 2020 to July 9, 2021 (the "Reporting Period").
61. The below chart reflects collections and payments made by the NWT Receiver in the NWT Receivership Proceedings and the R&D is reflected on "cash basis".

<b>Strategic - NWT Property</b> <b>NWT Receiver's Interim Statement of Receipts and Disbursements</b> <b>CAD \$, unaudited</b>			
	<b>First Report</b> <b>Jan 28/20 to</b> <b>Nov 6/20</b>	<b>Reporting Period</b> <b>Nov 7/20 to</b> <b>Jul 9/21</b>	<b>Total</b> <b>Jan 28/20 to</b> <b>Jul 9/21</b>
<b>Opening cash balance</b>	\$ -	\$ 433,748	\$ -
<b>Receipts</b>			
Government funding advanced	2,023,363	383,296	2,406,659
GST refunds	-	99,850	99,850
<b>Total Receipts</b>	<b>2,023,363</b>	<b>916,894</b>	<b>2,506,509</b>
<b>Disbursements</b>			
Suspension program	1,195,558	-	1,195,558
Contractor payments	98,461	504,847	603,308
Insurance premiums	-	111,250	111,250
NWT Receiver's fees and expenses	189,601	208,641	398,242
Legal fees and expenses	10,844	15,342	26,186
GST paid on disbursements	75,309	37,504	112,813
Other disbursements	19,842	2,061	21,903
	<b>1,589,615</b>	<b>879,646</b>	<b>2,469,260</b>
<b>Closing cash balance</b>	<b>\$ 433,748</b>	<b>\$ 37,249</b>	<b>\$ 37,249</b>

62. Opening cash during the Reporting Period was \$433,748. There was no opening cash available to the NWT Receiver as at the Receivership Date and the GNWT has provided funding to the NWT Receivership throughout the entire Receivership proceeding.
63. The NWT Receiver collected approximately \$483,000 during the Reporting Period, relating to:

- a) approximately \$383,000 of funds advanced by the GNWT to the NWT Receiver based on an internal cash flow forecast prepared by the NWT Receiver; and
  - b) GST collections of approximately \$100,000 related to GST returns filed in these Receivership Proceedings.
64. The NWT Receiver paid approximately \$880,000, which consisted primarily of the following:
- a) contractor payments of approximately \$505,000 for regulatory compliance reporting support, site inspections and other care and maintenance activities;
  - b) professional fees and costs of the NWT Receiver and its legal counsel, BLG, of approximately \$224,000;
  - c) annual insurance premiums of \$111,250;
  - d) GST paid on disbursements of approximately \$38,000; and
  - e) other disbursements of approximately \$2,100, relating primarily to database management fees.
65. Total cash on hand held by the NWT Receiver as at July 9, 2021 is \$37,249.
66. The GNWT continues to advance funds to the NWT Receiver based on an internal cash flow forecast prepared by the NWT Receiver and receipt of expenditures provided by the NWT Receiver to the GNWT.

#### **APPROVAL OF FEES AND EXPENSES**

67. Pursuant to paragraphs 22 to 24 of the NWT Receivership Order, the NWT Receiver seeks approval from this Honourable Court of the respective professional fees and disbursements of the NWT Receiver and its legal counsel for the period of time from the Receivership Date (January 28, 2020) to June 30, 2021.

68. Professional fees and expenses rendered by the NWT Receiver from January 28, 2020 to June 30, 2021 total \$420,857 (exclusive of GST) (the “**NWT Receiver’s Fees and Disbursements**”) and are summarized in Appendix ‘C’.
69. Professional fees and expenses rendered by the NWT Receiver’s legal counsel, BLG, from January 28, 2020 to June 30, 2021 total \$32,293 (exclusive of GST) (the “**NWT Receiver’s Counsel’s Fees and Disbursements**”) and are summarized in Appendix ‘C’.
70. The accounts of the NWT Receiver and its legal counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the NWT Receiver’s and BLG’s invoices will be made available for the Court prior to the hearing of this Application.
71. The professional fees and disbursements of the NWT Receiver and the NWT Receiver’s Counsel for January 28, 2020 to June 30, 2021 are reflected in the actual cash flow receipts and disbursements discussed above.
72. The NWT Receiver respectfully submits that its professional fees and disbursements, and those of the NWT Receiver’s legal counsel BLG, are fair and reasonable in the circumstance, and commensurate with the work performed to date. The NWT Receiver therefore respectfully requests that this Court approve the NWT Receiver’s Fees and Disbursements and the NWT Receiver’s Counsel’s Fees and Disbursements.

#### **NWT RECEIVER’S ONGOING ACTIVITIES**

73. The NWT Receiver’s ongoing activities include but are not limited to:
  - a) monitoring the NWT Property and ensuring it is in compliance with the:

- i. *Oil and Gas Operations Act* SNWT 2014, c.14, the terms and conditions of Operations Authorization OA-2018-003-SOG and other requirements of OROGO;
- ii. the *Mackenzie Valley Resource Management Act*, the *Waters Act*, requirements of the MVLWB and related requirements, and all other applicable legal and regulatory requirements; and
- b) continued consultations with GNWT and OROGO, the CER, the AER (as required), the staff of the MVLWB, other GNWT stakeholders and the Indigenous communities, with respect to the NWT Property;
- c) in consultation with the Sales Advisor, initiating and facilitating the proposed SSP; and
- d) facilitating, as required, the current discussions between the GNWT and the AER regarding the priority to funds that existed as at the Receivership Date and utilized by the Alberta Receiver, in addition to any funds remaining upon the expected discharge of the Alberta Receiver.

## **NWT RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS**

74. For the foregoing reasons, the NWT Receiver respectfully recommends that this Honourable Court grant the following relief:
- a) approve the engagement of Sayer Energy Advisors as Sales Advisor, and the Engagement Letter with respect thereto;
  - b) approve the proposed SSP;
  - c) approve the Restricted Court Access Order;
  - d) approve the conduct, actions and activities of the NWT Receiver as more particularly set forth in this Report;
  - e) approve the NWT Receiver's interim statement of receipts and disbursements, as set-out in this Report; and

- f) approve the NWT Receiver's Fees and Disbursements and the NWT Receiver's Counsel's Fees and Disbursements.

All of which is respectfully submitted this 12<sup>th</sup> day of July, 2021.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as the Court-appointed Receiver of  
the NWT Property and not in its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President



Duncan MacRae, CPA, CA, CIRP, LIT  
Vice President

## APPENDIX A



July 8, 2021

**Alvarez & Marsal Canada ULC**  
Suite 1110, 250 – 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3H7

Attention: **Mr. Duncan MacRae, CPA, CA, CIRP, LIT**  
**Director**

Dear Duncan:

RE: **Strategic Oil & Gas Ltd.**  
**Receivership Sale**  
**Engagement Agreement**

---

We understand that Alvarez & Marsal Canada Inc., in its capacity as court-appointed Receiver and Manager ("Alvarez" or the "Receiver") of certain assets located in the Northwest Territories held by Strategic Oil & Gas Ltd. ("Strategic" 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 Strategic's oil and natural gas assets located in the Northwest Territories, as well as the associated section of pipeline that crosses into the Alberta border (the "Property") held by Strategic as further described in the information brochure mailed out by Sayer as part of this engagement. We further understand that Strategic is presently the subject of a receivership order granted by the Alberta Court of Queen's Bench (the "Court") on January 28, 2020 (the "Receivership Order"), which Receivership Order, amongst other things, appointed Alvarez as Receiver over Strategic's Property in the NWT. The purpose of this letter is to outline the services to be performed by Sayer in relation to a sales solicitation process to be conducted by the Receiver in the Receivership proceedings, and the basis of Sayer's compensation in relation thereto.

Sayer understands and agrees that this engagement letter is subject to approval by the Court.

Sayer will provide assistance to the Receiver in:

- 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 Receiver and potential Candidates;
- d) providing information on the Property to the Candidates;
- e) providing information on the Candidates to Receiver;
- f) dealing with inquiries from Candidates and negotiating the Transaction(s);
- g) evaluating offers submitted to Receiver with respect to the Transaction(s);
- h) presenting or discussing the proposed sale of the Property with the Receiver's senior management; and/or





- i) assisting in the closing of the Transaction(s).

We agree to act as the Receiver'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 Receiver. Throughout this process, Sayer will keep the Receiver fully informed of its activities on the Receiver's behalf through written and/or verbal reports, and the Receiver will keep Sayer fully informed regarding its contacts with Candidates.

The Receiver 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 Receiver or Sayer.

It is understood that the Receiver is under no obligation or duty to complete any Transaction(s). It is further understood that Sayer provides financial advice and conducts merger and acquisition services for clients other than the Receiver 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 July 8, 2021 and continue until January 31, 2022 subject to extension thereafter by written agreement of the parties hereto or termination by the Receiver (the "Term"). The Receiver shall have the right to terminate this engagement agreement by way of written notice to Sayer at any time and for any reason, subject to payment of any fees that are outstanding as at the termination date.

The Receiver agrees to pay Sayer a work fee of [REDACTED] ("Work Fee") upon approval of this engagement agreement by the Court, 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.

Upon closing of the Transaction(s), the Receiver agrees to pay Sayer a success fee of [REDACTED] ([REDACTED] %) of the proceeds received by the Receiver, with a minimum fee of \$[REDACTED] and a maximum fee of \$[REDACTED] (the "Success Fee"). Sayer understands that all Transaction(s) are subject to Court approval. 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) is closed within twelve (12) months following the term of this agreement, provided that Sayer was the effective cause of any Transaction entered into after the expiry of the Term. The Success Fee is to be calculated as a percentage of the value received by the Receiver for the Transaction(s), and is to be based on the fair market value of the consideration paid (the "Value").

For greater certainty, the Value is to be defined as the cash price to be paid to the Receiver as a result of the Transaction(s), and/or the value of the securities or properties offered to the Receiver 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 by the Receiver for the Transaction(s). Notwithstanding the foregoing, it is hereby expressly agreed by the parties that any assumption of environmental liabilities or asset retirement obligations as part of a Transaction shall not constitute "Value" for the purposes of determining the Success Fee payable. 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 the books of account and records kept by the Receiver for the calculation of the Success Fee, with the cost of such audit to be borne by Sayer.

The Receiver also agrees to reimburse Sayer for all its legal expenses and out-of-pocket costs incurred in carrying out this assignment, with such costs amounting to more than \$[REDACTED] to be subject to the Receiver'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.

The Receiver agrees to apply for an order from the Court which approves the within engagement letter and further provides that Sayer, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Receiver as sales advisor or any matter referred to in this engagement letter, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of Sayer in performing its obligations under this engagement letter.

If we perform other services for the Receiver 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 Receiver's prior approval.

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 attorn 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

A handwritten signature in blue ink, appearing to read 'Tom Pavic', is written over a horizontal line.

Tom Pavic, CFA  
President

AGREED TO AND ACCEPTED THIS 8th DAY OF JULY 2021

ALVAREZ & MARSAL CANADA INC., in its capacity as Court-Appointed Receiver of Strategic Oil & Gas Ltd. and not in its personal or corporate capacity



---

Duncan MacRae  
Vice President

## **APPENDIX B**

## SALE SOLICITATION PROCESS

### INTRODUCTION

On January 28, 2020, the Alberta Court of Queen's Bench (the "**Court**") made an order (the "**Receivership Order**") appointing Alvarez & Marsal Canada Inc. as receiver and manager (the "**Receiver**") over all of Strategic Oil and Gas Ltd.'s and Strategic Transmission Ltd.'s (together "**Strategic**") current and future assets, undertakings and properties of every nature and kind whatsoever situated in the Northwest Territories, including all proceeds thereof and including, without limiting the generality of the foregoing, any letters of credit issued in respect of assets situated in the Northwest Territories (the "**NWT Property**").

Additionally, Strategic Transmission Ltd. holds legal title to, and is the licensee of, a pipeline which crosses the border between Alberta and the Northwest Territories (the "**Interprovincial Pipeline**"). While the Receiver does not have possession of this Interprovincial Pipeline, nor is it in care and custody of such pipeline, on July 19, 2021, the Receiver obtained an order from the Court (the "**Sales Process Order**"), permitting the Receiver to conduct a sale solicitation process ("**SSP**") respecting the NWT Property and the Interprovincial Pipeline. For the purposes of this SSP, all references to NWT Property shall include reference to the Interprovincial Pipeline.

The Receiver intends to conduct this SSP as set out below to market and sell Strategic's NWT Property. The SSP will be conducted with the approval of the Court, and under the SSP, all qualified interested parties will be provided with an opportunity to participate in the SSP. The SSP is intended to solicit interest in a sale of the assets of Strategic.

The Receiver has engaged Sayer Energy Advisors as sales advisor (in such capacity, the "**Sales Advisor**") to administer and carry out the marketing steps contemplated by the SSP.

This document (the "**SSP Procedure**") outlines the SSP, which is comprised principally of three stages: pre-marketing, marketing, and offering and evaluation.

### OPPORTUNITY AND SSP SUMMARY

1. This SSP is intended to solicit interest in, and opportunities for a sale of all or part of Strategic's NWT Property (the "**Opportunity**"), which primarily consist of wells, pipelines, facilities and other oil and gas production assets located in the Northwest Territories. In particular, interested parties may submit proposals to acquire all, substantially all, or a portion of the NWT Property (a "**Sale Proposal**").
2. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Sale Proposal will be on an "as is, where is" and "without recourse" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver, the Sales Advisor or Strategic, or any of their respective affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of Strategic in and to the NWT Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

3. Solicitation of interest for Sale Proposals will be on an unpriced basis whereby no set asking price will be stipulated.
4. As described more fully in this SSP, the major stages in the SSP Procedure will be comprised of the following:
  - (a) **Pre-Marketing:** preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer lists;
  - (b) **Marketing:** advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and
  - (c) **Offer Submission and Evaluation:** solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.
5. The offer submission and evaluation stage of the SSP will be comprised of a one phase offering process, being the submission of formal binding offers from Qualified Bidders (as defined below).

## PROPERTY & REGULATORS

6. Strategic is the operator or has a working interest in the NWT Property comprised of approximately 54 well licenses, 1 facility, and 30 pipeline segments. In addition, as noted above, Strategic holds legal title to and is the licensee of the Interprovincial Pipeline.
7. The office of the Regulator of Oil and Gas Operations (“**OROGO**”) regulates oil and gas and related activities in the Northwest Territories, including wells, facilities, oil refineries, natural gas processing plants, pipelines and oil and gas roads, through licenses, authorizations, orders and regulations.
8. The Canada Energy Regulator (“**CER**”) is the agency of the Government of Canada under its Natural Resources Canada portfolio which licenses, supervises, regulates and enforces all applicable Canadian laws as regards to interprovincial and international oil, gas, and electric utilities.
9. The Mackenzie Valley Land and Water Board (“**MVLWB**” and together with CER and OROGO the “**Energy Regulator(s)**”) is a regulatory authority whose roles and responsibilities include issuing and administering land use permits and water licences and ensuring consistent application of the *Mackenzie Valley Resource Management Act* in the Mackenzie Valley.
10. Qualified Bidders will be required to be licensees in good standing with the applicable Energy Regulator, or to be otherwise eligible to hold licenses, permits or approvals issued by the applicable Energy Regulator with respect to the NWT Property.
11. Any Successful Bidder (as defined below) will be required to comply with all regulatory requirements of the applicable Energy Regulator. Nothing in this SSP shall constitute any

“pre-approval” of any transfers of applicable licenses, permits or approvals by the applicable Energy Regulator, nor shall it fetter the discretion of the Energy Regulators in any way. The Energy Regulators shall in each instance retain their discretion to approve the transfer of any applicable licenses, permits or approvals required under any Successful Bid (as defined below) pursuant to their governing legislation.

## **TIMELINE**

12. The following table sets out the key milestones under the SSP:

<b>Milestone</b>	<b>Deadline</b>
Launch Sales Process	August 20, 2021
Bid Deadline	September 23, 2021
Qualified Bidder(s) Notified	September 30, 2021
Successful Bidder(s) Notified	October 15, 2021
Estimated Date Court Approval	November 15, 2021
Estimated Closing Date	November 30, 2021

## **PRE-MARKETING STAGE**

13. As soon as reasonably practicable, but in any event by no later than August 20, 2021 (the “**Commencement Date**”):
- (a) the Sales Advisor will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SSP and inviting recipients of the Teaser Letter to express their interest pursuant to the SSP; (ii) a non-disclosure agreement (an “**NDA**”); and (iii) a confidential Information Memorandum (“**CIM**”). The Teaser Letter, NDA and CIM shall be in form and substance satisfactory to the Receiver;
  - (b) the Sales Advisor, with the assistance of the Receiver, will gather and review all required due diligence material to be provided to interested parties and shall establish a secure, electronic data room (the “**Data Room**”), which will be maintained and administered by the Sales Advisor during the SSP;
  - (c) the Receiver, in consultation with the Sales Advisor, will develop a draft form of a purchase and sale agreement for use during the SSP (the “**Template PSA**”); and
  - (d) the Sales Advisor, in consultation with the Receiver, will prepare a list of potential bidders, including: (i) parties that have approached one or more of the Sales Advisor, Strategic or the Receiver indicating an interest in the Opportunity; and (ii) local, national and international strategic and financial parties who the Sales

Advisor and the Receiver believe may be interested in purchasing all or part of the NWT Property pursuant to the SSP (collectively, “**Known Potential Bidders**”).

## MARKETING STAGE

14. As soon as reasonably practicable after the Commencement Date, the Sales Advisor shall:
  - (a) arrange for a notice of the SSP (and such other relevant information as the Sales Advisor, in consultation with the Receiver, considers appropriate) (the “**Notice**”) to be published in Daily Oil Bulletin and the BOE Report; and any other newspaper or journals as the Sales Advisor, in consultation with the Receiver, considers appropriate, if any; and
  - (b) send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable after such identification or request, as applicable.
15. Any party who expresses a wish to participate in the SSP (a “**Potential Bidder**”) must, prior to being given any additional information such as the CIM and access to the Data Room, provide to the Sales Advisor:
  - (a) an NDA executed by it, and which shall inure to the benefit of any ultimate Successful Bidder; and
  - (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
16. A Potential Bidder that has delivered an executed NDA and the letter contemplated in paragraph 14(b) hereof, with disclosure that is satisfactory to the Receiver acting reasonably, and who the Sales Advisor, in consultation with the Receiver, determines has a reasonable prospect of completing a transaction contemplated herein, will be deemed a “**Qualified Bidder**” and will be promptly notified of such classification by the Sales Advisor.
17. The Sales Advisor will send the CIM and grant access to the Data Room to Qualified Bidders as soon as reasonably practicable after such execution and delivery.
18. Requests for information and access to the Data Room will be directed to the Sales Advisor, to the attention of the persons listed in **Schedule “A”** hereto. All printed information shall remain the property of the Receiver and, if requested by the Sales Advisor or the Receiver, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.

## OFFER SUBMISSION AND EVALUATION STAGE

### *Due Diligence*



19. The Sales Advisor, in consultation with the Receiver, subject to competitive and other business considerations, will afford each Qualified Bidder such access to due diligence materials through the Data Room and information relating to the NWT Property as it deems appropriate. Due diligence access may further include on-site inspections and other matters which a Qualified Bidder may reasonably request and to which the Sales Advisor, with the approval of the Receiver, in its reasonable business judgment, may agree. The Sales Advisor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Sales Advisor nor the Receiver will be obligated to furnish any information relating to the NWT Property to any person other than to a Qualified Bidder. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Receiver, in consultation with the Sales Advisor, determines such information to represent proprietary or sensitive competitive information.
20. The Sales Advisor, the Receiver, and their respective advisors, make no representation or warranty as to the accuracy or completeness of the information contained in the CIM, the Data Room, or other information to be provided through the due diligence process or otherwise, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Receiver and approved by the Court.
21. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the NWT Property in connection with their participation in the SSP and any transaction they enter into with the Receiver on behalf of Strategic.

### ***Formal Binding Offers***

22. A Qualified Bidder that desires to make a bid for the NWT Property, or any part thereof, must deliver written copies of a final, binding proposal (the “**Final Bid**”) in the form of a fully executed purchase and sale agreement, modeled after the Template PSA posted to the Data Room, to the Sales Advisor at the address specified in Schedule “A” hereto (including by email or fax transmission) so as to be received by the Sales Advisor not later than 12:00 PM (Calgary time) on or before September 23, 2021 (the “**Bid Deadline**”).
23. A Final Bid may be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder and the Final Bid complies with, among other things, the following:
  - (a) it is submitted on or before the Bid Deadline by a Qualified Bidder;
  - (b) it contains:
  - (c) a duly executed purchase and sale agreement based on the Template PSA posted to the Data Room; and
  - (d) a blackline of the executed purchase and sale agreement to the Template PSA;

- (e) it includes a letter stating that:
    - (i) the Final Bid is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with such Successful Bidder; and
    - (ii) that the Qualified Bidder is a licensee in good standing with the applicable Energy Regulator, or is otherwise eligible to obtain or hold licenses, permits or approvals with respect to the NWT Property from the applicable Energy Regulator,
  - (f) it includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow the Receiver to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
  - (g) it 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 Final Bid;
  - (h) it is not conditional upon:
    - (i) the outcome of unperformed due diligence by the Qualified Bidder apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld from the Qualified Bidder; and/or
    - (ii) obtaining financing;
  - (i) it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);
  - (j) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), or such other form of payment acceptable to the Receiver, payable to the order of the Receiver, in an amount equal to 10% of the total consideration in the Final Bid, to be held and dealt with in accordance with this SSP;
  - (k) it contemplates court approval;
  - (l) it contemplates a schedule for closing the transaction set out therein which is on or before November 30, 2021 (the "**Estimated Closing Date**").
  - (m) it contains such other information as reasonably requested by the Sales Advisor or Receiver from time to time.
24. The Receiver may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Bid. For the avoidance of doubt,

the completion of any Sale Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

25. The Sales Advisor, in consultation with the Receiver, may, following the receipt of any bid, seek clarification with respect to any of the terms or conditions of such bid and/or request and negotiate one or more amendments to such bid prior to determining if the bid should be considered a Qualified Bid.
26. Following the Bid Deadline, the Receiver and the Sales Advisor will assess the bids received with respect to the NWT Property. The Receiver, in consultation with the Sales Advisor and the Government of the Northwest Territories (“GNWT”) will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
27. The Receiver may aggregate separate bids from unaffiliated Qualified Bidders to create one or more Qualified Bids.
28. The Sales Advisor, upon receiving instructions from the Receiver, shall notify each Qualified Bidder in writing as to whether its bid constituted a Qualified Bid within five (5) business days of the Bid Deadline, or at such later time as the Receiver deems appropriate.
29. If the Receiver is not satisfied with the number or terms of the Qualified Bids, the Receiver, in consultation with the Sales Advisor and GNWT, may extend the Bid Deadline without Court approval.
30. The Receiver may terminate further participation in this SSP by any interested party, or modify dates or procedures in this SSP as deemed appropriate or necessary, or terminate the process altogether, including in the event that no Qualified Bids are received by the Bid Deadline or no Final Bids are deemed commercially reasonable by the Receiver.

### ***Selection of Successful Bid***

31. The Receiver shall review all Qualified Bids in consultation with the Sales Advisor and GNWT. The Receiver may give preference to the Qualified Bid or combination of Qualified Bids that results in the largest amount of environmental liabilities being addressed in terms of liabilities assumed and/or cash provided.
32. The Receiver, in consultation with the Sales Advisor and GNWT, shall identify the highest or otherwise best bid(s) (the “**Successful Bid(s)**”), and the Qualified Bidder(s) making such Successful Bid (the “**Successful Bidder(s)**”) for any particular NWT Property in whole or part. The determination of any Successful Bid by the Receiver shall be subject to approval by the Court.
33. The Sales Advisor, upon receiving instructions from the Receiver, shall notify the Successful Bidder or Bidders, as the case may be, that their bids constituted the Successful Bid or Bids within ten (10) business days of the date they were notified that their bids constituted Qualified Bids, or at such later time as the Receiver deems appropriate.

34. The Receiver reserves the right not to accept any Qualified Bid or to otherwise terminate the SSP.
35. This SSP shall terminate in the event that: (a) no Qualified Bidder submits a Qualified Bid by the Bid Deadline, and the Bid Deadline is not otherwise extended as contemplated pursuant to paragraph 29 hereof; or (b) the Receiver, in consultation with the Sales Advisor and GNWT determine that none of the Qualified Bids should be accepted as a Successful Bid.

### ***Sale Approval Motion***

36. The Receiver shall apply to the Court (the “**Approval Motion**”) for Sale Approval and Vesting Orders (“**Approval Orders**”) approving any Successful Bid(s) and authorizing the Receiver to enter into any and all necessary agreements with respect to the Successful Bid and vesting title to the NWT Property subject to the bid(s) in the name of the Successful Bidder(s).
37. The Approval Motion will be held on a date to be scheduled by the Receiver with the Court upon application of the Receiver. The Approval Motion may be adjourned or rescheduled by the Receiver without further notice by an announcement of the adjourned date at the Approval Motion or in a notice to the service list prior to the Approval Motion.
38. All the Qualified Bids other than the Successful Bid(s), if any, shall be deemed rejected by the Receiver on and as of the date of granting of the Approval Orders by the Court, but not before, and shall remain open for acceptance until that time.

### ***Deposits***

39. All Deposits shall be retained by the Receiver and invested in a non-interest bearing trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder, whose bid is approved at the Approval Motion, shall be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as a Successful Bidder shall be returned to such bidders within five (5) business days of the date upon which the Approval Order(s) is granted by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) business days of the date upon which this SSP is terminated in accordance with these procedures.

### ***Confidentiality and Access to Information***

40. Participants and prospective participants in the SSP 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, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver and such other bidders or Potential Bidders in connection with the SSP. The Receiver may however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids from Qualified Bidders.

*Supervision of the SSP*

41. The Receiver will participate in the SSP in the manner set out in this SSP Procedure and the SSP Order and is entitled to receive all information in relation to the SSP.
42. This SSP does not, and will not be interpreted to create any contractual or other legal relationship between Strategic, the Sales Advisor or the Receiver and any Potential Bidder, Qualified Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Receiver on behalf of Strategic and approved by the Court.
43. Without limiting the preceding paragraph, neither the Receiver nor the Sales Advisor shall have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder, or any other creditor or other stakeholder of Strategic, for any act or omission related to the process contemplated by this SSP, except to the extent such act or omission is the result of gross negligence or willful misconduct of the Receiver or Sales Advisor. By submitting a bid, each Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver or Sales Advisor for any reason whatsoever, except to the extent such claim is the result of gross negligence or willful misconduct of the Receiver or Sales Advisor.
44. Participants in the SSP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any bid, Final Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
45. At any time during the SSP, the Receiver may apply to the Court for advice and directions with respect to any aspect of this SSP or the discharge of its powers and duties hereunder.
46. The Receiver shall have the right, in consultation with the Sales Advisor, to modify the SSP and the deadlines set out herein if, in its reasonable business judgment, such modification is necessary or will enhance the process or better achieve the objectives of the SSP.

## **SCHEDULE “A”**

### **Sales Advisor**

Sayer Energy Advisors  
1620, 540 – 5th Avenue SW  
Calgary, AB T2P 0M2

**Attention: Ben Rye & Tom Pavic**

Telephone: (403) 266-6133

Email: [Brye@sayeradvisors.com](mailto:Brye@sayeradvisors.com); [TPavic@sayeradvisors.com](mailto:TPavic@sayeradvisors.com)

### **Receiver**

Alvarez & Marsal Canada Inc.  
Bow Valley Square IV  
Suite 1110, 250-6<sup>th</sup> Avenue SW  
Calgary AB, T2P 3H7

**Attention: Orest Konawalchuk & Duncan MacRae**

Telephone: (403) 538-4736/(403)538-7514

Email: [okonowalchuk@alvarezandmarsal.com/dmacrae@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com/dmacrae@alvarezandmarsal.com)

## APPENDIX C

Strategic - NWT Property NWT Receiver's Fees and Expenses Incurred in Reporting Period CAD \$, unaudited			
	Fees and expenses	GST	Total
<b>NWT Receiver's fees and expenses - previously reported</b>			
January 28 to September 30, 2020	300,659	15,001	315,661
	<b>\$ 300,659</b>	<b>\$ 15,001</b>	<b>\$ 315,661</b>
<b>NWT Receiver's fees and expenses</b>			
October 1 to October 31, 2020	25,709	1,285	26,994
November 1 to November 30, 2020	24,258	1,213	25,470
December 1 to December 31, 2020	5,309	1,228	6,537
January 1 to January 31, 2021	6,564	328	6,892
February 1 to February 28, 2021	5,307	265	5,573
March 1 to March 31, 2021	13,697	685	14,382
April 1 to April 30, 2021	11,488	574	12,062
May 1 to May 31, 2021	5,252	263	5,515
	<b>\$ 97,582</b>	<b>\$ 5,842</b>	<b>\$ 103,425</b>
<b>Forecast Disbursements for Costs Incurred</b>			
June 1 to June 30, 2021	\$ 22,615	\$ 1,131	\$ 23,745
	<b>\$ 22,615</b>	<b>\$ 1,131</b>	<b>\$ 23,745</b>
<b>Total</b>	<b>\$ 420,857</b>	<b>\$ 21,974</b>	<b>\$ 442,831</b>

Strategic - NWT Property NWT Receiver's Counsel's Fees and Expenses Incurred CAD \$, unaudited			
	Fees and expenses	GST	Total
<b>Legal fees and expenses - previously reported</b>			
January 28 to September 30, 2020	10,994	550	11,544
	<b>\$ 10,994</b>	<b>\$ 550</b>	<b>\$ 11,544</b>
<b>Legal fees and expenses</b>			
October 1 to November 30, 2020	12,106	602	12,708
December 1 to December 31, 2020	1,682	84	1,766
January 1 to March 31, 2021	336	17	353
April 1 to April 30, 2021	1,068	53	1,121
	<b>\$ 15,192</b>	<b>\$ 756</b>	<b>\$ 15,948</b>
<b>Forecast Disbursements for Costs Incurred</b>			
June 1 to June 30, 2021	\$ 6,107	305	6,412
	<b>\$ 6,107</b>	<b>\$ 305</b>	<b>\$ 6,412</b>
<b>Total</b>	<b>\$ 32,293</b>	<b>\$ 1,611</b>	<b>\$ 33,904</b>