

Clerk's stamp:

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|---|--|
| COURT FILE NUMBER   | 2001 06423   |
| COURT   | COURT OF QUEEN'S BENCH OF ALBERTA  |
| JUDICIAL CENTRE   | <b>CALGARY</b>   |
| APPLICANTS  | IN THE MATTER OF THE <i>COMPANIES'</i><br><i>CREDITORS ARRANGEMENT ACT</i> , R.S.C. 1985, c.<br>C-36, AS AMENDED<br><br>AND IN THE MATTER OF THE COMPROMISE OR<br>ARRANGEMENT OF ENTREC CORPORATION,<br>CAPSTAN HAULING LTD., ENTREC ALBERTA<br>LTD., ENT CAPITAL CORP., ENTREC CRANES &<br>HEAVY HAUL INC., ENTREC HOLDINGS INC., ENT<br>OILFIELD GROUP LTD., and ENTREC SERVICES<br>LTD.                   |
| DOCUMENT  | <b><u>AFFIDAVIT OF JOHN STEVENS (RE: APPROVAL<br/>AND VESTING ORDER (CANADIAN<br/>TRANSACTION), AND ASSIGNMENT,<br/>DISTRIBUTION AND SEALING ORDER)</u></b>  |
| ADDRESS FOR SERVICE AND<br>CONTACT INFORMATION OF<br>PARTY FILING THIS DOCUMENT | MILLER THOMSON LLP<br>Barristers and Solicitors<br>2700, Commerce Place<br>10155-102 Street<br>Edmonton, AB, Canada T5J 4G8<br>Phone: 780.429.1751      Fax: 780.424.5866<br><br>Lawyer's Name:      Rick T.G. Reeson, Q.C.<br>Asim Iqbal<br>Bryan A. Hosking<br>Lawyer's Email:      rreeson@millerthomson.com<br>aiqbal@millerthomson.com<br>bhosking@millerthomson.com<br>File No.:              144572.3 |

## AFFIDAVIT OF JOHN STEVENS

Sworn on August 7, 2020

I John Stevens, of the City of St. Albert in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the Chief Executive Officer of ENTREC Corporation ("**ENT Parent**"), Capstan Hauling Ltd., ENTREC Alberta Ltd. ("**ENT Alberta**"), ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc., ENTREC Holdings Inc., ENT Oilfield Group Ltd. ("**ENT Oilfield**"), and ENTREC Services Ltd. (collectively, the "**Applicants**" or "**ENTREC**") and I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe such information to be true.
2. Unless otherwise stated, monetary figures in this affidavit are expressed in Canadian dollars.
3. This affidavit is sworn in support of the Applicants' application for:
  - (a) an order (the "**Approval and Vesting Order**"), among other things:
    - (i) authorizing a transaction (the "**Canadian Transaction**") contemplated by the asset purchase agreement (the "**Sale Agreement**") between ENT Parent, ENT Alberta and ENT Oilfield (collectively, the "**Vendors**") and 4-Way Developments Ltd. (the "**Purchaser**") dated July 24, 2020;
    - (ii) vesting in the Purchaser all of the Vendors' right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement) free and clear of all encumbrances; and
  - (b) an order (the "**Assignment, Distribution and Sealing Order**"):
    - (i) authorizing the Monitor to distribute to the Agent the Net Sale Proceeds (as defined below) from the Canadian Transaction in partial reduction of the Applicants' obligations to the Syndicate (each as defined below);
    - (ii) pursuant to Section 11.3 of the CCAA, assigning to the Purchaser the Assigned Contracts (as defined below);

- (iii) sealing Confidential Appendices (as defined below), and the confidential report of the Monitor (the “**Confidential Report**”) to be filed in connection with this Application, until the three (3) months following the closing of the Canadian Transaction or further order of this Court; and
- (iv) approving the conduct and activities of the Monitor described in the Third Report of the Monitor, to be filed in connection with this Application.

## BACKGROUND

4. On May 15, 2020, the Alberta Court of Queen's Bench (the “**Court**”) granted the Applicants protection under the *Companies' Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Initial Order of the Honourable Madam Justice B.E. Romaine (the “**Initial Order**”). On the same day, the US Bankruptcy Court for the Southern District of Texas granted an order for provisional relief commencing recognition proceedings under Chapter 15 of the US Bankruptcy Code.
5. On May 25, 2020, the Court granted:
  - (a) an amended and restated Initial Order (the “**ARIO**”); and
  - (b) an order (the “**SISP Order**”) approving a sale and investment solicitation process (the “**SISP**”) and appointing Ernst & Young Orenda Corporate Finance Inc. (“**EY**”) and Sequeira Partners (together with EY, the “**Sale Advisors**”) to administer the SISP.
6. Pursuant to the Initial Order and the ARIO, the following was also granted by Madam Justice B.E. Romaine, among other things:
  - (a) a stay of proceedings until August 7, 2020 (the “**Stay Period**”);
  - (b) the appointment of Alvarez & Marsal Canada Inc. as monitor of the Applicants (the “**Monitor**”); and
  - (c) approval of an interim financing facility (the “**Interim Financing Facility**”) provided by Wells Fargo Capital Finance Corporation (the “**Agent**”) as administrative agent for a syndicate of lenders (the “**Syndicate**”).



7. On August 6, 2020, the Applicants obtained an order, among other things, extending the Stay Period until September 11, 2020 (the “**Stay Extension Order**”). In support of the Stay Extension Order, the Applicants filed the Affidavit of John Stevens sworn July 27, 2020 and a Supplementary Affidavit of John Stevens sworn July 29, 2020 (collectively, the “**Stay Extension Affidavit**”). A copy of the Stay Extension Affidavit can be found on the Monitor’s Website: <https://www.alvarezandmarsal.com/entrec>.
8. ENTREC is a heavy haul transportation and crane solutions provider to the oil and natural gas, construction, petrochemical, mining and power generation industries in Alberta and parts of the United States. ENTREC currently operates out of nine (9) locations in Canada and the USA. Since the commencement of these CCAA proceedings, ENTREC has continued to operate in the ordinary course while implementing its restructuring and cost containment measures.
9. In Canada, the Applicants have branches in the following locations in Alberta, all of which were marketed in the SISP:
  - (a) Bonnyville;
  - (b) Grande Prairie;
  - (c) Fort McMurray; and
  - (d) Whitecourt.

## RESULTS OF THE SISP IN CANADA

10. On May 25, 2020, the Court granted the SISP Order. A copy of the SISP and the SISP Order are attached hereto as **Exhibit “A”**.

### *Initial Solicitation of Interest and LOI Process*

11. In accordance with the SISP, the Sale Advisors:
  - (a) advertised the SISP in the *National Post* (on May 27, 2020) and eight (8) other publications in Canada and the USA between May 27, 2020 and June 4, 2020;
  - (b) prepared a list of potential bidders;



- (c) developed and distributed a teaser letter regarding the SISP opportunity to approximately 394 potential bidders; and
  - (d) established an online data room (the "**Data Room**").
12. From the advertisement and distribution of the teaser letter, sixty-six (66) parties executed confidentiality agreements. The Sale Advisors, in consultation with the Applicants and Monitor, prepared and provided a confidential information memorandum and granted access to the Data Room to interested parties who executed the confidentiality agreement.
  13. Pursuant to the terms of the SISP, interested parties were required to submit a non-binding letter of intent ("**Non-Binding LOIs**") to the Monitor by 5:00 p.m. EDT on June 26, 2020 (the "**LOI Deadline**").
  14. In total, the Monitor received thirteen (13) Non-Binding LOIs by the LOI Deadline for the Applicants' Canadian assets. Based on the Non-Binding LOIs received, the Applicants, in consultation with the Sale Advisors, the Monitor, and the Agent determined that there was sufficient interest in the Applicants' Canadian assets to move to Phase 2 of the SISP.
  15. Under Phase 2, prospective bidders were required to submit to the Monitor a final, binding asset purchase agreement by 5:00 p.m. EDT July 24, 2020 (the "**Final Bid Deadline**", and any bid received being a "**Final Bid**").
  16. The Applicants, in consultation with the Sale Advisors, the Monitor, the Agent and the Agent's financial advisor, designated six (6) parties who submitted Non-Binding LOIs by the LOI Deadline as qualified bidders to advance to Final Bid Process of the SISP (the "**Qualified Bidders**").

#### *Final Bid Process*

17. Following the LOI Deadline, the Sale Advisors facilitated six (6) site visits, three (3) management meetings with prospective bidders for the Applicants' Canadian business, and addressed all due diligence concerns as they were received from Qualified Bidders.

18. The principals of the Purchaser include certain insiders of the Applicants (the “**Insiders**”). Certain of the Insiders are part of the Applicants’ management team. In addition, the Purchaser is also the landlord of the Applicants’ leased premises in Bonnyville, Alberta.
19. The Applicants and Monitor were aware of a potential bid from the Insiders when developing the SISP and took steps to maintain the fairness and integrity of the process:
- (a) the Insiders did not participate in the development of the SISP;
  - (b) the Insiders did not participate in the administration of the SISP, except as required by the Applicants for certain management presentations;
  - (c) the Insiders did not receive confidential information about the other Qualified Bids;
  - (d) Qualified Bidders were advised that the Insiders had submitted a Qualified Bid; and
  - (e) a representative of the Monitor attended all of the Canadian management meetings that included Bonnyville as a potential target along with EY (as one of the Sale Advisors) and the Applicants’ senior management.
20. At the conclusion of the Final Bid Process, the Applicants received three (3) bids at the Final Bid Deadline (the “**Final Bids**”). A summary of the Final Bids is attached hereto and marked as **Confidential Exhibit “1”**. A sealing order is being requested from this Court to seal **Confidential Exhibit “1”** until 3 months following the closing of the Canadian Transaction or further order of the Court.

*Selection of Winning Bid*

21. The Applicants, in consultation with the Monitor, the Sale Advisor, and the Agent, reviewed all of the Final Bids and selected the Canadian Transaction as the winning bid.
22. Below is a summary of the key terms of the Canadian Transaction:

|             |                |
|-------------|----------------|
| Type of Bid | Asset Purchase |
|-------------|----------------|

|                             |   |
|-----------------------------|---|
| Purchase Price              | Confidential. Subject to Sealing Order.   |
| Payment of Purchase Price   | Payment in cash on closing by wire transfer.  |
| Details of Purchased Assets | The Vendors' right, title interest in and to all of the Vendors' assets, undertakings and properties relating to the ENT Oilfield Bonnyville location.  |
| Assigned Contracts          | Certain customer contracts, equipment leases and the lease agreement in respect of the Bonnyville location.   |
| Excluded Assets             | <ul style="list-style-type: none"> <li>• Cash and Accounts Receivable.</li> <li>• Tax refunds and credits.</li> <li>• Deposits on Excluded Assets.</li> <li>• ENTREC Name and Trademark.</li> <li>• Claims against third parties, excluding any warranty claims and manufacturers of any of the Purchased Assets</li> </ul> |
| Conditions                  | Customary, including the issuance of the Approval and Vesting Order.  |

23. A redacted copy of the Sale Agreement for the Canadian Transaction is attached hereto and marked as **Exhibit "B"**.
24. An unredacted copy of the Sale Agreement is attached hereto and marked as **Confidential Exhibit "2"** (together with Confidential Exhibit 1, the "**Confidential Exhibits**").

*Backup Bid*

25. The terms of the SISP give discretion to the Applicants on whether to select a Backup Bid. Pursuant to Section 33 of the SISP, the next highest, best or otherwise most favourable Qualified Bid received could be selected as the backup bid (the "**Backup Bid**").
26. After selecting the Canadian Transaction as the winning bid, the Applicants, in consultation with the EY (as one of the Sale Advisors), the Monitor, and the Agent, elected not to select a Backup Bid based on, among other things, the proposed



purchase price being inadequate and the terms of a Qualified Bid not having been adhered to.

*Approval and Vesting Order*

27. As described above, the Canadian Transaction is conditional on obtaining the Approval and Vesting Order.
28. The Applicants are of the view that the Canadian Transaction represents the best available transaction for the following reasons:
  - (a) the Canadian Transaction was the highest purchase price of all of the Final Bids received;
  - (b) the Monitor supports the Canadian Transaction;
  - (c) without the Canadian Transaction, the Bonnyville location would be liquidated, the employment of 85 of the Applicants' employees would be lost, and the operations of customers of the Bonnyville location would be disrupted;
  - (d) the Syndicate, the Applicants' senior secured creditor with the primary economic interest in the Applicants' assets, has been kept apprised throughout the SISP and supports the Canadian Transaction; and
  - (e) the Applicants' Canadian assets were broadly marketed under a Court-approved SISP with the assistance of EY (as one of the Sale Advisors) and the oversight of the Monitor.

*Assigned Contracts*

29. The Applicants seek to assign to the Purchaser, pursuant to section 11.3 of the CCAA, the contracts listed at Schedule "A" to the Assignment, Distribution and Sealing Order (the "**Assigned Contracts**").
30. I am advised by Asim Iqbal of Miller Thomson LLP, insolvency counsel for the Applicants, and do verily believe, that, among other things, the following factors are considered under Section 11.3(3):

- (a) Whether the Monitor has approved the proposed assignment. The Monitor supports the assignment of the Assigned Contracts;
- (b) Whether the assignee would be able to perform the obligations. In the Applicants' view, this factor is satisfied based on the following:
  - (i) 6 out of 9 of the Assigned Contracts are customer contracts (the "**Customer Contracts**"), where experience is important for their fulfillment. The Purchaser is comprised of Insiders with significant experience with ENTREC's operations, in particular with respect to the Bonnyville location and fulfilling the Customer Contracts on behalf of the Applicants. The Insiders include the Applicants' current Executive Vice President of Operations and the current Division Manager for the Applicants' Bonnyville location;
  - (ii) the Purchaser is also the landlord for the Bonnyville location and is familiar with the operations;
  - (iii) the remaining three (3) Assigned Contracts are two leases for equipment that would be utilized in the Purchaser's operations to generate revenue, and a real property lease in respect of which the Purchaser is the landlord; and
  - (iv) the Purchaser intends to retain all 85 of the Applicants' employees at the Bonnyville location;
- (c) Whether it would be appropriate to assign the Assigned Contracts. In the Applicants' view, an Order assigning the Assigned Contracts to the Purchaser would satisfy a condition of the Sale Agreement, facilitate the going concern sale of the Bonnyville location, and be in the best interests of the Applicants' stakeholders.

- 31. Based on the Applicants' books and records, none of the Assigned Contracts have any monetary defaults that are required to be cured. Under the Sale Agreement, the Purchaser is responsible for cure costs in respect of the Assigned Contracts.

## DISTRIBUTION OF NET SALE PROCEEDS TO AGENT

32. As described in the Stay Extension Affidavit, the Applicants executed an extension agreement (the “**RSA Extension Agreement**”) with the Agent and Syndicate to extend the terms of the Restructuring Support Agreement dated May 14, 2020 between the parties pursuant to which the Syndicate agreed to support the Applicants’ CCAA proceedings, including providing the Interim Financing Facility.
33. Pursuant to the terms of the RSA Extension Agreement, the Applicants agreed that at any hearing for the approval of a sale transaction under the SISP, including the Canadian Transaction, the Applicants shall also seek approval from the Court to immediately distribute the net proceeds of such transaction to the Agent, subject to a reserve (the “**Reserve**”), which must be acceptable to the Syndicate and sufficient to:
  - (a) satisfy post-filing obligations incurred by the Applicants in the ordinary course of business;
  - (b) complete such steps as are necessary to wind-down the Applicants’ Canadian operations; and
  - (c) account for amounts payable to parties with claims against any of the Purchased Assets in priority to the Agent’s security, including the Charges (as defined in the ARIO).
34. Following closing of the Canadian Transaction, the Applicants seek to distribute to the Agent the proceeds from the Canadian Transaction (the “**Net Sale Proceeds**”). Based on, among other things, the Applicants’ available assets following the closing of the Canadian Transaction, the Applicants, in consultation with the Agent and the Monitor, anticipate that a Reserve will not be necessary in these circumstances.
35. The Syndicate is the Applicants’ largest senior secured creditor owed in excess of \$90 million. An immediate distribution on closing of the Net Sale Proceeds will partially reduce the indebtedness owing to the Agent, thereby reducing the Applicants’ ongoing interest costs for the benefit of all of the Applicants’ stakeholders.
36. The Monitor has received an opinion from its legal counsel that, subject to customary assumptions and qualifications, the security held by the Agent is valid and enforceable in accordance with its terms.



37. In the Applicants' view, no party will be prejudiced by the distribution.

## SEALING ORDER

38. The Assignment, Distribution and Sealing Order contemplates the sealing of the Confidential Exhibits and the Confidential Report (collectively, the "**Sealed Documents**").
39. The Sealed Documents contain commercially sensitive information regarding the commercial terms of the Canadian Transaction as well as the other bids received. In the event the Canadian Transaction does not close, the Applicants would be significantly prejudiced in their ability to market the Purchased Assets if the information in the Sealed Documents were available to the public, including potential future bidders.
40. Accordingly, the Applicants respectfully request the Sealed Documents be sealed by this Court until 3 months following the closing of the Canadian Transaction or further order of this Court.

## NEXT STEPS

### *Remaining Canadian Locations*

41. If this Court grants the Approval and Vesting Order, the Applicants will proceed to close the Canadian Transaction, which will result in the going concern sale of the Applicants' Bonnyville, Alberta location.
42. Subsequent to the Final Bid Deadline, the Applicants, in consultation with the Sale Advisor, identified and held discussions with a select group of prospective bidders who participated in the first phase of the SISP that may be interested in submitting a bid for the remaining Alberta locations, namely: Fort McMurray, Whitecourt, and Grande Prairie. In addition, the Applicants have received and are considering proposals for net minimum guarantees for the liquidation of these remaining locations.
43. Should one or more transactions arise from these additional efforts, the Applicants will return to this Court to seek approval of any such transaction.

## SISP – US Business

44. In addition, as described in the Stay Extension Affidavit, the Applicants extended the Final Bid Deadline for the Applicants' US business until August 7, 2020.
45. The Applicants, Sale Advisors and Monitor continue to work with the Qualified Bidders for the Applicants' US business during the US Final Bid process.
46. Should one or more transactions arise for the US Business from the SISP, the Applicants will apply to this Court at that time to seek approval of such transaction(s).

## CONCLUSION

47. For the reasons set out in this Affidavit, the Applicants respectfully request this Court grant the:
- (a) Approval and Vesting Order; and
  - (b) Assignment, Distribution and Sealing Order.

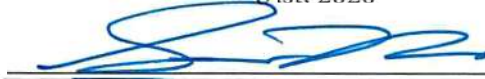
**SWORN** BEFORE me at the City of St. Albert, in the Province of Alberta, this 7<sup>th</sup> day of August, 2020.

A Commissioner for Oaths in and for the  
Province of Alberta.

**Spencer D. Norris**  
Barrister and Solicitor

JOHN STEVENS

This is Exhibit "A" referred to in the  
Affidavit of John Stevens  
Sworn before me this 7th day  
of August, 2020



Clerk's Stamp:

A Commissioner for Oaths, in and for  
the Province of Alberta

**Spencer D. Norris**  
Barrister and Solicitor



COURT FILE NUMBER

2001 06423

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF

**CALGARY**

IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE  
OR ARRANGEMENT OF ENTREC  
CORPORATION, CAPSTAN HAULING LTD.,  
ENTREC ALBERTA LTD., ENT CAPITAL  
CORP., ENTREC CRANES & HEAVY HAUL  
INC., ENTREC HOLDINGS INC., ENT OILFIELD  
GROUP LTD. and ENTREC SERVICES LTD.

DOCUMENT

**ORDER (Re: Amended and Restated Initial  
Order, KERP/KEIP, SISP, Sales Agent  
Retention)**

CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT:

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DATE ON WHICH ORDER WAS PRONOUNCED:

May 25, 2020

NAME OF JUSTICE WHO MADE THIS ORDER:

**Madam Justice B.E. Romaine**

LOCATION OF HEARING:

Calgary, Alberta



**UPON** the application of ENTREC Corporation, Capstan Hauling Ltd., ENTREC Alberta Ltd., ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc., ENTREC Holdings Inc., ENT Oilfield Group Ltd. and ENTREC Services Ltd. (collectively, the **"Applicants"**); **AND UPON** having read the Notice of Application, the Affidavit of John Stevens sworn May 14, 2020 (the **"First Stevens Affidavit"**), filed, the Affidavit of John Stevens sworn May 21, 2020 (the **"Second Stevens Affidavit"**), filed, the Initial Order (the **"Initial Order"**) of this Court dated May 15, 2020 (the **"Initial Filing Date"**), filed, and the Affidavit of Service of Clarice Scheck, filed; **AND UPON** being advised that Wells Fargo Capital Finance Corporation Canada (**"Wells Fargo"**), as agent for itself and a syndicate of lenders (collectively, the **"Syndicate"**) consents to the within Order; **AND UPON** hearing counsel for the Applicants, counsel for Wells Fargo, counsel for the Monitor and counsel for TBK Bank, SSB; **AND UPON** reading the First Report of the Alvarez & Marsal Canada Inc. in its capacity as Court-appointed Monitor of the Applicants (the **"Monitor"**) dated May 21, 2020 (the **"Monitor's First Report"**);

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. The time for service of the notice of application for this order (the **"Order"**) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

**INTERPRETATION**

2. Unless otherwise stated, capitalized terms used but not otherwise defined in this Order shall have the meaning ascribed to such terms in the Amended and Restated Initial Order (as defined below).

**AMENDED AND RESTATED INITIAL ORDER**

3. The Initial Order, reflecting the Initial Filing Date, shall be amended and restated as set out in **Schedule "A"** hereto (the **"Amended and Restated Initial Order"**). The Applicants are authorized and directed to file a clean copy of the Amended and Restated Initial Order with this Court. The Monitor shall post a clean copy of the filed Amended and Restated Initial Order, together with a blackline against the Initial Order, on the Monitor's Website as soon as reasonably practicable.

#### APPROVAL OF KERP/KEIP

4. The key employee retention and incentive plan (the "**KERP/KEIP**") described in the First and Second Stevens Affidavit and attached as Exhibit "B" to the Second Stevens Affidavit (which exhibit is the subject of a sealing order of this Court) is approved. The Applicants are authorized to perform their obligations under the KERP/KEIP, including making all payments to the Key Employees (as defined in the Second Stevens Affidavit) of amounts due and owing under the KERP/KEIP in accordance with the terms and conditions of the KERP/KEIP.
5. The Applicants are authorized to deliver such additional documents as may be necessary to give effect to the KERP/KEIP, subject to prior approval of the Monitor and Wells Fargo or as may be ordered by this Court.
6. The Key Employees (as defined in the Second Stevens Affidavit) shall be entitled to the benefit of and are granted a charge (the "**KERP/KEIP Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,500,000, as security for the obligations of the Applicants under the KERP/KEIP. The KERP/KEIP Charge shall have the priority set out in the Amended and Restated Initial Order.

#### APPROVAL OF SISP AND APPOINTMENT OF SALES AGENT

7. The sale and investment solicitation process attached as **Schedule "B"** hereto (the "**SISP**") is approved. The Applicants, the Monitor and the Sales Agent (defined below), in consultation with or with the consent of (as applicable) Wells Fargo, are authorized and directed to perform their respective obligations and to do all things reasonably necessary to perform their obligations thereunder.
8. Ernst & Young Orenda Corporate Finance Inc. and Sequiera Partners (together the "**Sales Agent**") are jointly appointed as Sales Agent to carry out the SISP in cooperation with the Applicants and the Monitor. The Engagement Letters (as defined in the Second Stevens Affidavit) are approved, and the Applicants are authorized and directed to execute the Engagement Letters. The Applicants are authorized and directed to pay the fees and expenses (including, without limitation, work fees, hourly fees, success fees and liquidation fees) of the Sales Agent in accordance with the terms of their respective Engagement Letters (collectively, the "**Sales Agent Fees**"). Claims of the Sales Agent



under the applicable Engagement Letter shall not be compromised under any plan of arrangement under the *Companies' Creditors Arrangement Act* or proposal under the *Bankruptcy and Insolvency Act*.

9. The Sales Agent, as security for the Sales Agent Fees but excluding any amounts payable to the Sales Agent in respect of any indemnity obligations under the Engagement Letters or otherwise, shall be entitled to the benefits of and are granted a charge (the "**Sales Agent Charge**") on the Property (as defined in the Amended and Restated Initial Order), to a maximum of \$1,000,000. The Sales Agent Charge shall have the priority set out in the Amended and Restated Initial Order.
10. Each of the Monitor and the Sales Agent, and their respective, affiliates, partners, directors, employees, agents, advisors and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind whatsoever, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the fraud, gross negligence or wilful misconduct of the Monitor or the Sales Agent, as applicable, in performing its obligations under the SISP (as determined by this Court).
11. In connection with the SISP and pursuant to sections 20 and 22 of the *Personal Information Protection Act* (Alberta) or 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), as applicable, the Applicants, the Sales Agent and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more potential transactions (each, a "**Transaction**"). Each prospective bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the transaction, and if it does not complete a Transaction, shall: (a) return all such information to the Applicants, the Sales Agent or the Monitor, as applicable; (b) destroy all such information; or (c) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of the Business or any Property (each as defined in the Amended and Restated Initial Order) shall be entitled to continue to use the personal information provided to it, and related to the Business or Property purchased, in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall



return all other personal information to the Applicants, the Sales Agent or the Monitor, as applicable, or ensure that other personal information is destroyed.

12. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.

A handwritten signature in blue ink, appearing to be 'Ble', written over a horizontal line.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

Clerk's Stamp:



COURT FILE NUMBER  
COURT  
JUDICIAL CENTRE OF

2001 06423  
COURT OF QUEEN'S BENCH OF ALBERTA  
**CALGARY**

IN THE MATTER OF THE *COMPANIES'*  
*CREDITORS ARRANGEMENT ACT*, R.S.C.  
1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE  
OR ARRANGEMENT OF ENTREC  
CORPORATION, CAPSTAN HAULING LTD.,  
ENTREC ALBERTA LTD., ENT CAPITAL  
CORP., ENTREC CRANES & HEAVY HAUL  
INC., ENTREC HOLDINGS INC., ENT OILFIELD  
GROUP LTD. and ENTREC SERVICES LTD.

DOCUMENT

**AMENDED AND RESTATED CCAA INITIAL  
ORDER**

CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT:

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DATE ON WHICH ORDER WAS PRONOUNCED: May 15, 2020  
NAME OF JUSTICE WHO MADE THIS ORDER: B.E. Romaine  
LOCATION OF HEARING: Calgary, Alberta

**UPON** the application of ENTREC Corporation, Capstan Hauling Ltd., ENTREC Alberta Ltd., ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc., ENTREC Holdings Inc., ENT Oilfield Group Ltd. and ENTREC Services Ltd. (collectively, the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of John Stevens sworn May 14, 2020 (the "**First Stevens Affidavit**"), filed, the Affidavit of John Stevens sworn May 21, 2020 (the "**Second Stevens Affidavit**"), filed, the Affidavit of Service of Clarice Sheck, filed, the Initial Order (the "**Initial Order**") of this Court dated May 15, 2020 (the "**Initial Filing Date**"); **AND UPON** reading the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as Monitor of the Applicants (in such capacity, the "**Monitor**"); **AND UPON** being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application; **AND UPON** being advised that Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), as agent for itself and a syndicate of lenders (collectively, the "**Syndicate**") consents to the within Order pursuant to the terms of the Restructuring Support Agreement, a partially redacted copy of which is attached as **Exhibit "U"** to the First Stevens Affidavit (the "**RSA**"); **AND UPON** hearing counsel for the Applicants, counsel for Wells Fargo, counsel for the Monitor and counsel for TBK Bank, SSB; **AND UPON** reading the Pre-Filing Report of A&M dated May 14, 2020; **AND UPON** reading the First Report of the Monitor dated May 21, 2020;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

**APPLICATION**

2. The Applicants are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") applies.

**PLAN OF ARRANGEMENT**

3. Subject to the terms of the RSA, the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the "**Plan**").



#### POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to the terms of the RSA, the Applicants shall:
  - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
  - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property; and
  - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as the Applicants deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
5. Subject solely to paragraph 6 and no other provision of this Order, the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Stevens Affidavit or replace it with another substantially similar central cash management system acceptable to the Syndicate (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
6. Notwithstanding any other term of this Order, the Applicants are authorized and directed to utilize the Payroll Relief (as defined in the Stevens Affidavit) in accordance with and solely for the purposes authorized by the *Coronavirus Aid, Relief, and Economic Security*

Act (United States). Disbursements of the Payroll Relief shall be subject to the oversight of the Monitor. The Monitor will provide such reporting to the Syndicate with respect to the Payroll Relief in accordance with the terms of the RSA.

7. To the extent permitted by law and subject to and in accordance with the terms of the RSA, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after the Initial Filing Date:
  - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
  - (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the Initial Filing Date; and
  - (c) with the consent of the Monitor, obligations owing for goods and services supplied to the Applicants prior to the Initial Filing Date if, in the opinion of the Applicants after consultation with the Monitor, the supplier or vendor of such goods or services is necessary for the operation or preservation of the Business or Property, provided that such payments shall not exceed \$750,000 in the aggregate without prior authorization of this Court.
8. Except as otherwise provided to the contrary herein and subject to the terms of the RSA, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
  - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
  - (b) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.
9. The Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority that are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
    - (i) employment insurance,
    - (ii) Canada Pension Plan, and
    - (iv) income taxes,but only where such statutory deemed trust amounts arise after the Initial Filing Date, or are not required to be remitted until after the Initial Filing Date, unless otherwise ordered by the Court;
  - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date; and
  - (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Applicants.
10. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the Initial Filing Date ("**Rent**"), but shall not pay any rent in arrears.
11. Except as specifically permitted in this Order and subject to the terms of the RSA, the Applicants are hereby directed, until further order of this Court:



- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of the Initial Filing Date;
- (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property;
- (c) not to grant credit or incur liabilities except in the ordinary course of the Business; and
- (d) to make all payments of principal, interest, fees and expenses to Wells Fargo under the RSA.

## **RESTRUCTURING**

12. The Applicants shall, subject to the consent of Wells Fargo and such requirements as are imposed by the CCAA and the terms of the RSA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any portion of its business or operations and to dispose of redundant or non-material assets not exceeding \$1,100,000 in any one transaction or \$5,000,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to any of the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee;
- (c) disclaim, in whole or in part, with the prior consent of the Monitor or further Order of the Court, their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with section 32 of the CCAA; and
- (d) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale transaction,

each of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with section 32 of the CCAA, the Applicants shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or rescission of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.
14. If a notice of disclaimer is delivered pursuant to section 32 of the CCAA, then:
  - (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
  - (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants and Monitor of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

15. Until and including August 7, 2020, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall

be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

16. Wells Fargo is an unaffected creditor in these CCAA proceedings and is not subject to the stay of proceedings or other limitations of creditors rights herein ordered. Nothing in this Order shall prevent Wells Fargo from, on prior notice to the Applicants, the Monitor and the Service List, enforcing its security under or in connection with the ABL Facility (as defined in the Stevens Affidavit) (the "**Syndicate Security**") against the Property of the Applicants.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

17. Subject to paragraphs 5 and 16 of this Order, during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
  - (a) empower the Applicants to carry on any business that the Applicants are not lawfully entitled to carry on;
  - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
  - (c) prevent the filing of any registration to preserve or perfect a security interest;
  - (d) prevent the registration of a claim for lien; or
  - (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment.
18. Nothing in this Order shall prevent any party from taking an action against one or more of the Applicants where such an action must be taken in order to comply with statutory time



limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor, the Applicants and Wells Fargo forthwith.

#### **NO INTERFERENCE WITH RIGHTS**

19. Subject to paragraphs 5 and 16 of this Order, during the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants (or any one Applicant), except with the written consent of the Applicants and the Monitor, or leave of this Court.

#### **CONTINUATION OF SERVICES**

20. Subject to paragraphs 5 and 16 of this Order, during the Stay Period, all Persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication, cloud computing and other data services, centralized banking services, payroll services, repair and maintenance services, utility wire-lifting services, parts suppliers, fuel providers, insurance, transportation services and permit providers, utility or other services to the Business or the Applicants

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of the applicable Applicant's current premises, telephone numbers, facsimile numbers, internet addresses, cloud data storage and domain names, provided in each case that the usual prices or charges for all such goods or services received after the Initial Filing Date are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

21. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any person, other than the Interim Lender (as defined herein) where applicable, be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

22. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 17 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

23. Each Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the applicable Applicant after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
24. The directors and officers of each of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,500,000, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.
25. Notwithstanding any language in any applicable insurance policy to the contrary:

- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
- (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

#### **APPOINTMENT OF MONITOR**

- 26. A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their respective shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
- 27. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
  - (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
  - (b) assist the Applicants and their counsel in the development of a sale and investment solicitation process;
  - (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
  - (d) assist the Applicants, to the extent required by the Applicants, in its dissemination to the Interim Lender and its counsel, financial and other information as contemplated in the RSA;



- (e) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its financial advisors and counsel on a periodic basis in accordance with the terms of the RSA;
  - (f) advise the Applicants in its development of the Plan and any amendments to the Plan;
  - (g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
  - (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Property, Business, and financial affairs of the Applicants or to perform its duties arising under this Order;
  - (i) be at liberty to engage independent legal counsel, noticing agents or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
  - (j) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
  - (k) perform such other duties as are required by this Order or by this Court from time to time.
28. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from

any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.

29. The Monitor shall provide any creditor of the Applicants, including the Interim Lender, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
30. In addition to the rights and protections afforded the Monitor under the CCAA or as an Officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
31. The Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements related to these CCAA proceedings), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in accordance with such parties' retainer agreements, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.
32. The Monitor and its legal counsel shall pass their accounts from time to time.
33. Canadian and US counsel to each of the Monitor, the Applicants and the Applicants' board of directors (the "**Administration Professionals**"), as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**")



on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Administration Professionals, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

#### **INTERIM FINANCING**

34. The Applicants are hereby authorized and empowered to obtain and borrow under a revolving credit facility from the Syndicate (the "**Interim Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$30,000,000 unless permitted by further order of this Court.
35. Such credit facility shall be on the terms and subject to the conditions set forth in the RSA and the Definitive Documents (as defined herein).
36. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs, and security documents, guarantees and other definitive documents (collectively, including the RSA, the "**Definitive Documents**"), as contemplated by the RSA or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities, and obligations to the Interim Lender under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
37. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Definitive Documents incurred on or after the Initial Filing Date which charge shall not exceed the aggregate amount advanced on or after the Initial Filing Date under the Definitive Documents. The Interim Lender's Charge shall not secure any obligation existing before the Initial Filing Date. The Interim Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof, *provided that*, the Interim Lender's Charge shall not rank in priority to the encumbrances listed in Schedule "A" hereto and such other encumbrances in respect of which Wells Fargo has contractually agreed to subordinate the priority of the Syndicate Security relative to such encumbrances (the "**Carve Out**").



38. Notwithstanding any other provision of this Order:
- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
  - (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge, the Interim Lender may, subject to the provisions of the Definitive Documents with respect to the giving of notice, and in accordance with the Definitive Documents and the Interim Lender's Charge, as applicable, exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Definitive Documents, and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment, and give other notices; provided that the Interim Lender must apply to this Court on five (5) business days' prior written notice (which may include the service of materials in connection with such an application to this Court, which period may run contemporaneously with any notice required pursuant to the RSA) to the Service List, solely to enforce against or exercise any other rights and remedies with respect to any Applicant or any of the Property, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of any Applicant; and
  - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
39. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

## VALIDITY AND PRIORITY OF CHARGES

40. The priorities of the the Administration Charge, the Directors' Charge, the KERP/KEIP Charge, the Sales Agent Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$750,000);

Second – Directors' Charge (to the maximum amount of \$1,500,000);

Third – KERP/KEIP Charge (to a maximum of \$1,500,000);

Fourth – Sales Agent Charge (as defined in the Order of this Court dated May 25, 2020 granted in these proceedings) (to maximum of \$1,000,000); and

Fifth – Interim Lender's Charge (subject to the Carve Out).

41. The filing, registration or perfection of the Directors' Charge, the Administration Charge, the KERP/KEIP Charge, the Sales Agent Charge or the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
42. Each of the Administration Charge, the Directors' Charge, the KERP/KEIP Charge, the Sales Agent Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person; *provided that*, the Interim Lender's Charge shall be subject to the Carve Out.
43. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge, the Directors' Charge, the KERP/KEIP Charge and the Sales Agent Charge (collectively, the "**Chargees**"), or further order of this Court.

44. The Administration Charge, the Directors' Charge, the KERP/KEIP Charge, the Sales Agent Charge, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;
    - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, the Applicants entering into the Definitive Documents or the execution, delivery or performance of the Definitive Documents; and
    - (iii) the payments made by the Applicants pursuant to this Order, including the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.



## ALLOCATION

45. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Administration Charge, the Directors' Charge, the KERP/KEIP Charge, the Sales Agent Charge and the Interim Lender's Charge amongst the various assets comprising the Property.

## SERVICE AND NOTICE

46. The Monitor shall (i) without delay, publish in the *Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the Initial Filing Date (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any Applicant of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
47. The Monitor shall establish a case website in respect of the within proceedings at: <http://www.alvarezandmarsal.com/entrec> (the "**Monitor's Website**").
48. Any person that wishes to be served with any application and other materials in these proceedings must deliver to the Applicants and the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission, a request to be added to the service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up-to-date form of the Service List on the Monitor's Website.
49. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsel's email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on the Monitor's Website.
50. The Applicants and, where applicable, the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses last shown on the records of the Applicants and that any such

service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

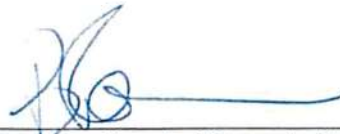
51. Service or distribution in accordance with this Order shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 8100-2-175 (SOR/DORS).

#### **GENERAL**

52. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
53. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
54. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Applicants, the Business or the Property.
55. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order. The Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside of Canada, including but not limited to acting as the foreign representative of the Applicants to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the United States Bankruptcy

Code, as amended, and to act as foreign representative in respect of any such proceedings and ancillary relief in respect thereto, and to take such other steps as may be authorized by the Court.

56. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
57. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
58. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.



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Justice of the Court of Queen's Bench of Alberta



**SCHEDULE "A"**

**LIST OF COLLATERAL SUBJECT TO  
CARVE OUT WITH RESPECT TO INTERIM LENDER'S CHARGE**

**1. ENTREC Corporation**

| Ref. No. | Secured Party(ies)            | Debtor(s)                                      | Assets   |
|----------|-------------------------------|--|--|
| 1.       | Element Fleet Management Inc. | ENTREC Corporation<br><br>Capstan Hauling Ltd. | IFT8W3BT9GEB63754 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT0GEB63755 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT2GEB63756 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT4GEB63757 - 2016 FORD F350 4X4 XLT CREW<br>IFT8W3BT0GEB65330 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT4GEB65332 - 2016 FORD F350 XLT 4X4 CREW<br>IFTFW1EG1JKE41212 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFTFW1EG3JKE41213 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFTFW1EG5JKE41214 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFTFW1EG7JKE41215 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFT7W2B62KEC37587 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT7W2B67KEC37584 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT7W2B69KEC37585 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT7W2B60KEC37586 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT8W4DT0KEC37588 - 2019 FORD F450 XLT 4X4 SD CREW CAB<br>IFT8W4DT2KEC37589 - 2019 FORD F450 XLT 4X4 SD CREW CAB |

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| Ref. No. | Secured Party(ies)                    | Debtor(s)   | Assets   |
|----------|---------------------------------------|---|--|
| 2.       | Wells Fargo Equipment Finance Company | ENTREC Corporation                                | All photocopiers, multifunction devices, printers, production printers, fax machines, projectors, video conferencing, interactive whiteboards, servers, and software manufactured, distributed, or sold by Ricoh Canada Inc. which are financed by the Secured Party   |
| 3.       | Emkay Canada Leasing Corporation      | ENTREC Corporation                                | 3C6UD5DLXCG111248 2012 DODGE 2500 CREW<br>3C6UD5DL7CG232934 2012 DODGE 2500 CREW<br>3C63D3HL2CG271330 2012 DODGE RAM 3500<br>1FD0W5HT6CEC59007 2012 FORD F550 CHASS<br>1FD0W5HT7CED02091 2012 FORD F550 CHASS<br>1FD0W5HT6CEC52106 2012 FORD F550 CHASS  |
| 4.       | Edmonton Kenworth Ltd                 | ENTREC Corporation<br><br>Capstan Hauling Ltd.    | 1XKCP4TX4FR974243 2015 KENWORTH C500 MV<br>1XKCP4TX6FR974244 2015 KENWORTH C500<br>1NKCX4TX0FR975867 2015 KENWORTH C500<br>1XKDD40X2JJ993785 2018 KENWORTH T800<br>C/W 2015 MANITEX 4596T CRANE, S/N: 216786<br>C/W 2015 MANITEX 4596T CRANE, S/N: 216788<br>C/W 2015 WELDCO WHL45TC100 CRANE, S/N: 3W55523-1<br>C/W 2018 TULSA RN65 WINCH, S/N: 20-0791-00010 |
| 5.       | Edmonton Kenworth Ltd                 | ENT Oilfield Group Ltd.<br><br>ENTREC Corporation | 1NKCX4TX8KR945722 2019 KENWORTH C500<br>1NKCX4TX0FR975867 2015 KENWORTH C500<br>C/W WELDCO WHL45TC100 CRANE S/N: 3W57815-1 AND CRANE BOOM S/N: 3W57765-1<br>C/W WELDCO WHL45TC100 CRANE, S/N: 3W55523-1  |

| Ref. No. | Secured Party(ies)                 | Debtor(s)   | Assets   |
|----------|------------------------------------|---|--|
| 6.       | Mi-Jack Canada, Inc.               | ENTREC Corporation  | Rental of 2015 Broderson Model IC-400-3A Serial #15560400  |
| 7.       | Equipment Sales & Services Limited | ENTREC Corporation<br><br>ENTREC Services Ltd.<br><br>ENTREC Cranes & Heavy Haul Inc. | 1F9T2K96XKL028158 2019 Link-Belt HTC 86110<br>1N9G62A38K1012248 2019 Nelson CBC-30RT BOOM DOLY<br>1F9T2K968KL028157 2019 Link-Belt HTC 86110<br>1N9G62A3XK1012249 2019 Nelson CBC-30RT BOOM DOLY                                 |
| 8.       | Myshak Equipment Ltd.              | ENTREC Corporation  | WG0PST069D0061030 2013 GOLDHOFER PST/SL-E6 SPMT<br>WG0PST069D0061031 2013 GOLDHOFER PST/SL-E6 SPMT<br>WG0PST069D0061032 2013 GOLDHOFER PST/SL-E6 SPMT<br>WG0PST069D0061033 2013 GOLDHOFER PST/SL-E6 SPMT<br>2 X SPMT POWER PACKS |



2. ENT Oilfield Group Ltd.

| Ref. No. | Secured Party(ies)    | Debtor(s)   | Assets  |
|----------|-----------------------|---|---|
| 1.       | Edmonton Kenworth Ltd | ENT Oilfield Group Ltd.<br><br>ENTREC Corporation | INKCX4TX8KR945722 2019 KENWORTH C500<br>INKCX4TX0FR975867 2015 KENWORTH C500<br>C/W WELDCO WHL45TC100 CRANE S/N: 3W57815-1 AND CRANE BOOM S/N: 3W57765-1<br>C/W WELDCO WHL45TC100 CRANE, S/N: 3W55523-1 |

3. Capstan Hauling Ltd.

| Ref. No. | Secured Party(ies)            | Debtor(s)                                      | Assets   |
|----------|-------------------------------|--|--|
| 1.       | Element Fleet Management Inc. | ENTREC Corporation<br><br>Capstan Hauling Ltd. | IFT8W3BT9GEB63754 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT0GEB63755 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT2GEB63756 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT4GEB63757 - 2016 FORD F350 4X4 XLT CREW<br>IFT8W3BT0GEB65330 - 2016 FORD F350 XLT 4X4 CREW<br>IFT8W3BT4GEB65332 - 2016 FORD F350 XLT 4X4 CREW<br>IFTFW1EG1JKE41212 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFTFW1EG3JKE41213 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFTFW1EG5JKE41214 - 2018 FORD F150 XLT 4x4 SUPERCREW<br>IFTFW1EG7JKE41215 - 2018 FORD F150 XLT 4x4 SUPERCREW |

| Ref. No. | Secured Party(ies)           | Debtor(s)                                      | Assets   |
|----------|------------------------------|--|--|
|          |                              |  | IFT7W2B62KEC37587 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT7W2B67KEC37584 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT7W2B69KEC37585 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT7W2B60KEC37586 - 2019 FORD F250 XLT 4X4 SD CREW CAB<br>IFT8W4DT0KEC37588 - 2019 FORD F450 XLT 4X4 SD CREW CAB<br>IFT8W4DT2KEC37589 - 2019 FORD F450 XLT 4X4 SD CREW CAB       |
| 2.       | Edmonton Kenworth Ltd        | ENTREC Corporation<br><br>Capstan Hauling Ltd. | 1XKCP4TX4FR974243 2015 KENWORTH C500 MV<br>1XKCP4TX6FR974244 2015 KENWORTH C500<br>1NKCX4TX0FR975867 2015 KENWORTH C500<br>1XKDD40X2JJ993785 2018 KENWORTH T800<br>C/W 2015 MANITEX 4596T CRANE, S/N: 216786<br>C/W 2015 MANITEX 4596T CRANE, S/N: 216788<br>C/W 2015 WELDCO WHL45TC100 CRANE, S/N: 3W55523-1<br>C/W 2018 TULSA RN65 WINCH, S/N: 20-0791-00010 |
| 3.       | Meridian Onecap Credit Corp. | Capstan Hauling Ltd.                           | Computer hardware leased to the Debtor by the Secured Party  |

4. Entrec Crane & Heavy Haul Inc.<sup>1</sup>

| Ref. No. | Secured Party(ies)  | Debtor(s)   | Assets   |
|----------|---|---|--|
| 1.       | Liftsource Machinery, Ltd.  | ENTREC Cranes And Heavy Haul, Inc.  | 2014 GROVE MODEL GMK5250L HYDRAULIC ALL TERRAIN CRANE WITH SERIAL NUMBER 52505005 AND VIN: W09250550EWG12005   |
| 2.       | Equipment Sales & Services Limited or TBK Bank, SSB (as applicable) | ENTREC Corporation<br>ENTREC Services Ltd.<br>ENTREC Cranes & Heavy Haul Inc. | 1F9T2K96XKL028158 2019 Link-Belt HTC 86110<br>1N9G62A38K1012248 2019 Nelson CBC-30RT BOOM DOLY<br>1F9T2K968KL028157 2019 Link-Belt HTC 86110<br>1N9G62A3XK1012249 2019 Nelson CBC-30RT BOOM DOLY |

5. ENTREC Services Ltd.

| Ref. No. | Secured Party(ies)  | Debtor(s)   | Assets   |
|----------|---|---|--|
| 1.       | Equipment Sales & Services Limited or TBK Bank, SSB (as applicable) | ENTREC Corporation<br>ENTREC Services Ltd.<br>ENTREC Cranes & Heavy Haul Inc. | 1F9T2K96XKL028158 2019 Link-Belt HTC 86110<br>1N9G62A38K1012248 2019 Nelson CBC-30RT BOOM DOLY<br>1F9T2K968KL028157 2019 Link-Belt HTC 86110<br>1N9G62A3XK1012249 2019 Nelson CBC-30RT BOOM DOLY |

<sup>1</sup> Note: Element registration removed as it is not against Entrec Crane & Heavy Haul Inc. – it is against the discontinued corporation Entrec Cranes & Heavy Haul (Western) Ltd.



## SCHEDULE "B"

### SALES AND INVESTMENT SOLICITATION PROCESS ENTREC CORPORATION & SUBSIDIARIES

#### INTRODUCTION

1. On May 15, 2020, ENTREC Corporation ("**ENTREC**") and its subsidiaries Capstan Hauling Ltd., Entrec Alberta Ltd., Ent Capital Corp., Entrec Cranes & Heavy Haul Inc., Ent Oilfield Group Ltd., Entrec Holdings Inc. and Entrec Services Ltd. (collectively with ENTREC, the "**Applicants**") obtain an Initial Order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") from the Alberta Court of Queen's Bench (the "**CCAA Court**"). The Applicants' proceedings under the CCAA are referred to herein as the "**CCAA Proceedings**".
2. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants in the CCAA Proceedings.
3. Pursuant to proceedings (the "**Chapter 15 Proceedings**", and together with the CCAA Proceedings, the "**Insolvency Proceedings**") commenced in the United States Bankruptcy Court for the Southern District of Texas (the "**US Bankruptcy Court**", and together with the CCAA Court, the "**Insolvency Courts**") under Chapter 15, Title 11, of the United States Code (the "**US Bankruptcy Code**"), ENTREC obtained, among other things, recognition of the CCAA Proceedings.
4. Wells Fargo Capital Finance Corporation Canada is Administrative Agent (in such capacity, the "**Agent**") for a syndicate of secured lenders (collectively, the "**Lenders**") that have agreed to provide certain interim financing to ENTREC during the Insolvency Proceedings pursuant to, among other things, a Support Agreement made May 14, 2020 between the Lenders and the Applicants.
5. Pursuant to the Order of the CCAA Court dated May 25, 2020 (the "**SISP Order**"), the CCAA Court approved the sale and investment solicitation process set out herein (the "**SISP**"). Capitalized terms used herein are as defined in the SISP Order unless defined otherwise herein.
6. Pursuant to the SISP Order, each of Ernst & Young Orenda Corporate Finance Inc. ("**EY**") and Sequeira Partners ("**Sequeira**") were appointed to act as Sales Agent in accordance with the SISP Order and the SISP.
7. While EY will focus on Canadian opportunities and Sequeira will focus on US opportunities, their marketing efforts will be highly coordinated and they will cooperate in activities such as developing a list of Known Potential Bidders (as defined below), communicating and meeting with interested parties, preparing and distributing marketing materials and managing the Data Room (as defined below).

#### SISP OVERVIEW

8. The purpose of the SISP is to solicit interest in one or more or any combination of (1) a restructuring, recapitalization or other form of reorganization of the business and affairs of one or more of the Applicants as a going concern, or (2) a sale of all, substantially all or

one or more components of the Applicants' assets (the "**Property**") and / or business operations of the Applicants (the "**Business**") as a going concern or otherwise.

9. The SISP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a "**Person**") may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Applicants, Monitor, the Sales Agent and the Agent and how Court approval will be obtained in respect of any Transaction (as defined below).
10. As described below, the various deadlines herein may be extended by and at the discretion of the Monitor and the Applicants, subject to approval by the Agent, in its sole discretion (in consultation with the Lenders). The Monitor will consider extending the various deadlines herein in the event that the Monitor determines that such an extension will generally benefit the Applicants' creditors and other stakeholders.

#### **"AS IS, WHERE IS" BASIS**

11. Any transaction involving the Applicants, the Property or the Business (in each case, a "**Transaction**") will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Sales Agent, the Monitor, the Applicants, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Final Agreement (as defined herein).

#### **THE SISP PROCESS**

##### **A. Initial Solicitation of Interest**

12. The Sales Agent may contact any Persons to solicit expressions of interest in a Transaction either before or after the granting of the SISP Order.
13. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later than May 27, 2020, the Sales Agent will cause a notice regarding this SISP, in a form satisfactory to and previously approved by the Applicants, the Monitor and the Agent, to be published in (a) the *National Post*, (b) *The Wall Street Journal* or other national daily publication acceptable to the Applicants, the Agent and the Monitor, and (c) any other publication in which the Sales Agent determines notice of this SISP should be published.
14. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later than June 1, 2020, in consultation with the Applicants, the Monitor and the Agent, the Sales Agent will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in a Transaction. Such list will include both strategic and financial parties who may be interested in acquiring an interest in the Applicants and/or their assets pursuant to an asset purchase transaction (an "**Asset Bid**"), a restructuring of the debt, share or capital structure of the Applicants (a "**Restructuring Bid**") or some combination of a of an Asset Bid and a Restructuring Bid (such combination bid, a "**Hybrid**").



Bid"). Concurrently, the Sales Agent will prepare an initial offering summary (the "Teaser Letter") notifying Known Potential Bidders of the SISP and inviting the Known Potential Bidders to express interest in making an Asset Bid, Restructuring Bid or Hybrid Bid (each, a "SISP Bid").

15. By no later than June 2, 2020, the Sales Agent shall distribute to the Known Potential Bidders and any other interested Persons the Teaser Letter, as well as a draft form of confidentiality agreement (the "**Confidentiality Agreement**") that shall inure to the benefit of the Person or Persons who make the Winning Bid (as defined herein) pursuant to this SISP. Copies of the Teaser Letter and Confidentiality Agreement shall be provided to any appropriate Persons who becomes known to the Sales Agent after the initial distribution of such documents.
16. Any Person (a) who executes a Confidentiality Agreement in form and substance satisfactory to the Applicants, Sales Agent and the Monitor, and (b) whom the Sales Agent is satisfied has the financial capabilities and technical expertise to make a viable SISP Bid, shall be deemed to be a potential bidder (each, a "**Potential Bidder**").

#### **B. Due Diligence**

17. The Sales Agent will prepare a confidential information memorandum ("**CIM**") by no later than June 5, 2020, describing the opportunity to make a SISP Bid and shall deliver the CIM to each Potential Bidder as soon as practicable after such Person is deemed to be a Potential Bidder in accordance with this SISP.
18. The Sales Agent shall provide each Potential Bidder with information, including access to an electronic data room established by the Sales Agent by no later than June 5, 2020 (the "**Data Room**"), that the Sales Agent determines to be necessary for the Potential Bidder to evaluate a transaction involving a SISP Bid.

#### **C. LOI Process**

19. Any Potential Bidder who wishes to submit a SISP Bid must deliver a written, non-binding letter of intent (each, a "**LOI**") to the Monitor at the address specified in and in accordance with Schedule "A" hereto so as to be received by the Monitor not later than 5:00 p.m. EST on Friday June 26, 2020, or such other date or time as the Monitor and the Applicants may determine with the approval of the Agent (the "**LOI Deadline**").
20. Following the LOI Deadline, all LOIs shall be reviewed by the Applicants, in consultation with the Monitor, the Sales Agent and the Agent.
21. An LOI shall be a qualified LOI (each, a "**Qualified LOI**") provided that it contains:
  - (a) a specific indication of the anticipated sources of capital for such Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Monitor and its legal advisors, to make, in their reasonable business or professional judgment, a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a SISP Bid;



- (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 owners of the Potential Bidder and their principals;
- (c) an indication of whether the Potential Bidder wishes to tender (i) an Asset Bid; (ii) a Restructuring Bid; or (iii) a Hybrid Bid;
- (d) in the case of an Asset Bid, it identifies:
  - (i) the purchase price range (including liabilities to be assumed by the Potential Bidder and any credit bid);
  - (ii) whether the Asset Bid is *en bloc*, the Property included, any of the Property expected to be excluded, and/or any additional assets desired to be included in the transaction;
  - (iii) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable);
  - (iv) the proposed treatment of employees of the Applicants;
  - (v) the proposed treatment of any leases and other material contracts;
  - (vi) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
  - (vii) any additional due diligence required or desired to be conducted by the Potential Bidder, if any;
  - (viii) any conditions to closing that the Potential Bidder may wish to impose; and
  - (ix) any other terms or conditions of the Asset Bid which the Potential Bidder believes are material to the transaction;
- (e) in the case of a Restructuring Bid, it identifies:
  - (i) the aggregate amount of the equity and debt investment, including liabilities to be assumed by the Potential Bidder and any credit bid component (including the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and consummate the proposed transaction and any related contingencies, as applicable) to be made in the Applicants;
  - (ii) the underlying assumptions regarding the *pro forma* capital structure (including, the anticipated debt levels, debt service fees, interest and amortization);
  - (iii) the consideration to be allocated to the stakeholders including claims of any secured or unsecured creditors of the Applicants and the proposed treatment of employees;
  - (iv) the structure and financing of the transaction including all requisite financial assurance;

- (v) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals;
  - (vi) any additional due diligence required or desired to be conducted by the Potential Bidder, if any;
  - (vii) any conditions to closing that the Potential Bidder may wish to impose; and
  - (viii) any other terms or conditions of the Restructuring Bid which the Potential Bidder believes are material to the transaction;
- (f) in the case of a Hybrid Bid, all of the information contained in subparagraphs (a) through (e) above, as applicable;
- (g) such other information as may be requested by the Monitor or the Sales Agent; and provided however, that any Qualified LOI must be in form and substance satisfactory to the Agent (in consultation with the Lenders).
22. Any Potential Bidder who submits a Qualified LOI on or before the LOI Deadline shall be designated a **"Qualified Bidder"**.
23. The Applicants, with the approval of the Monitor and the Agent (in consultation with the Lenders) may waive the strict compliance of one or more of the requirements specified above and deem any LOI to be a Qualified LOI, notwithstanding any noncompliance with the terms and conditions of this SISP.
24. In the event that no Person submits an LOI, or that no LOI qualifies as or is deemed to qualify as a Qualified LOI, or that no LOI is deemed commercially reasonable to the Applicants, the Agent and the Monitor, the Applicants may, with the Approval of the Monitor and the Agent, terminate the SISP. If no Qualified LOIs are received by the LOI Deadline, the Applicants may, in consultation with the Monitor and the Agent, may consider other forms of bids for the Property and the Business. At any time during the SISP, the Applicants, may, with the approval of the Monitor and the Agent, determine that any bid is a Winning Bid and seek Approval Orders in respect of such Winning Bid(s) from the Insolvency Courts.

#### **D. Final Bid Process**

25. The Sales Agent may invite Qualified Bidders to conduct additional due diligence or otherwise make available to Qualified Bidders additional information not posted in the Data Room, arrange for inspections and site visits at ENTREC's premises, as determined by the Sales Agent and subject to paragraph 44. The Data Room will include, among other things, a form of purchase agreement for use by Qualified Bidders.
26. Any Qualified Bidder may submit an Asset Bid, a Restructuring Bid or a Hybrid Bid (each, a **"Final Bid"**) to the Monitor at the address specified in Schedule "A" hereto on or before 5:00 pm EST on Friday July 24, 2020, or such later time and date that the Applicants may determine, with the approval of the Monitor and the Agent (the **"Final Bid Deadline"**).
27. Final Bids shall be reviewed by the Monitor, the Sales Agent, the Applicants and the Agent.



28. A Final Bid submitted as an Asset Bid shall be a **"Qualified Asset Bid"** the event that:
- (a) it includes a letter stating that the Asset Bid is irrevocable until the earlier of (i) the approval by the Insolvency Courts, and (ii) forty five (45) days following the Final Bid Deadline; provided, however, that if such Asset Bid is selected as the Winning Bid or the Backup Bid, it shall remain irrevocable until the closing of the Winning Bid or the Backup Bid, as the case may be;
  - (b) it includes a duly authorized and executed purchase and sale agreement specifying the all consideration payable, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto;
  - (c) it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
  - (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor to allow the Monitor to make a reasonable determination as to the Qualified Bidders (and its direct and indirect owners and their principals) financial and other capabilities to consummate the transaction contemplated by the Asset Bid;
  - (e) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Asset Bid;
  - (f) it is not conditional upon any governmental or regulatory approval;
  - (g) it fully discloses the identity of each Person that is bidding or otherwise that will be sponsoring or participating in the Asset Bid, including the identification of the bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
  - (h) it is accompanied by a refundable cash deposit (the **"Deposit"**) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the consideration be paid in respect of the Asset Bid, to be held and dealt with in accordance with this SISP;
  - (i) it contains other information requested by the Sales Agent, the Applicants, the Monitor or the Agent; and
  - (j) it is received by no later than the Final Bid Deadline.
29. A Final Bid submitted as a Restructuring Bid shall be a **"Qualified Restructuring Bid"** the event that:
- (a) it includes definitive documentation, duly authorized and executed by the Qualified Bidder, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt if any, and details regarding the proposed equity and debt structure of the Applicants following completion of the proposed transaction;



- (b) it includes a letter stating that the Restructuring Bid is irrevocable until the earlier of (i) the approval by the Insolvency Courts, and (ii) forty five (45) days following the Final Bid Deadline; provided, however, that if such Restructuring Bid is selected as the Winning Bid or the Backup Bid, it shall remain irrevocable until the closing of the Winning Bid or the Backup Bid, as the case may be;
  - (c) it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
  - (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor to allow the Monitor to make a reasonable determination as to the Qualified Bidder's (and its direct and indirect owners and their principals) financial and other capabilities to consummate the transaction contemplated by the Restructuring Bid;
  - (e) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Restructuring Bid;
  - (f) it is not conditional upon any governmental or regulatory approval;
  - (g) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Restructuring Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
  - (h) it is accompanied by a refundable Deposit in the form of a wire transfer (payable to a trust account specified by the Monitor) in an amount equal to ten percent (10%) of the consideration to be paid pursuant to the Restructuring Bid, to be held and dealt with in accordance with this SISP;
  - (i) it contains other information requested by the Sales Agent, the Applicants, the Monitor or the Agent; and
  - (j) it is received by no later than the Final Bid Deadline.
30. A Hybrid Bid submitted by the Final Bid Deadline will be considered a **"Qualified Hybrid Bid"** if it is in substantial compliance with the portions of paragraphs 28 and 29 of this SISP, as determined by the Monitor.
31. All Qualified Asset Bids, Qualified Restructuring Bids and Qualified Hybrid Bids shall constitute **"Qualified Final Bids"**. The Applicants, with the approval of the Monitor and the Agent (in consultation with the Lenders) may waive the strict compliance of one or more of the requirements specified above and deem any Final Bid(s) to be a Qualified Final Bid and notwithstanding any non-compliance with the terms and conditions of this SISP.

#### **E. Selection of Winning Bid**

32. The Applicants shall review all Qualified Final Bids in consultation with the Monitor, the Sales Agent and the Agent (in consultation with the Lenders). Subject to the approval of the Monitor and the Agent, the Applicants may, but shall have no obligation to, enter into a

definitive agreement or agreements (each a **"Final Agreement"**) with the Person or Persons who submitted the highest, best or otherwise most favourable Qualified Final Bid(s).

33. In the event that the Applicants enter into one or more Final Agreements on or before Tuesday August 4, 2020, or such later time and date that the Monitor may determine (the **"Final Agreement Deadline"**), any Qualified Bid so selected shall be a **"Winning Bid"** and the next highest, best or otherwise most favourable Qualified Bid received, as determined by the Applicants, shall be the **"Backup Bid"**. Any Qualified Bidder that makes a Winning Bid shall be a **"Successful Bidder"** and any Qualified Bidder that makes a Backup Bid shall be a **"Backup Bidder"**.
34. The Monitor will notify each Successful Bidder and Backup Bidder of the Final Agreement and the Backup Bid shall remain open until the consummation of the transaction contemplated by the Winning Bid (and, for greater certainty, the Monitor shall be entitled to continue to hold the Deposit in respect of the Backup Bid until such time as the transaction contemplated by the Winning Bid is consummated).
35. In the event that (a) no Qualified Bidder submits or is deemed to have submitted a Qualified Final Bid, (b) the Applicants, with the approval of the Monitor and the Agent (in consultation with the Lenders), determines that none of the Qualified Final Bids should be accepted, or (c) that a Final Agreement has not been entered into before the Final Agreement Deadline, this SISP shall terminate.
36. The highest Qualified Final Bid may not necessarily be accepted by the Applicants. The Applicants, with the approval of the Monitor and the Agent (in consultation with the Lenders), reserve the right not to accept any Qualified Final Bid or to otherwise terminate the SISP. The Applicants, with the Approval of the Monitor and the Agent (in consultation with the Lenders), further reserve the right to deal with one or more Qualified Bidders to the exclusion of other Persons, to accept a Qualified Final Bid or Qualified Final Bids for some or all of the Property, the Applicants or the Business, to accept multiple Qualified Final Bids and enter into multiple Final Agreements.

#### **APPROVAL ORDERS**

37. In the event that the Applicants enter into a Final Agreement, on or before Monday August 17, 2020 the Applicants shall apply for orders (the **"Approval Orders"**) from the Insolvency Courts, in form and substance, satisfactory to the Monitor and the Agent (in consultation with the Lenders), approving the transaction contemplated by the Winning Bid and any necessary related relief required to consummate the transaction contemplated by the Winning Bid, subject to the terms of the Final Agreement.
38. The Applicants may also concurrently obtain relief approving the transaction contemplated by the Backup Bid and any necessary related relief required to consummate the transaction contemplated by the Backup Bid.
39. An Approval Order shall become a **"Final Order"** upon satisfaction of the following conditions: (i) it is in full force and effect; (ii) it has not been reversed, modified or vacated and is not subject to any stay; and (iii) all applicable appeal periods have expired and any



appeals therefrom have been finally disposed of, leaving the Approval Order wholly operable.

## **CLOSING**

40. Closing of the transactions contemplated in any Final Agreement shall occur within ten (10) days of the date upon which the Approval Orders have become Final Orders, or as may be extended with the approval of the Monitor and the Agent.

## **DEPOSITS**

41. All Deposits paid pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Winning Bidder and the Backup Bidder in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Applicants elect not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit and any interest accrued thereon to that Person.
42. In the event that either of the Successful Bidder or the Backup Bidder default in the payment or performance of any obligations owed to the Applicants, the Monitor or the Sales Agent pursuant to any Final Agreement the Deposit paid by the Winning Bidder or the Backup Bidder, as applicable, shall be forfeited to such party as liquidated damages and not as a penalty.

## **GENERAL**

43. Subject to approval of the Monitor and the Agent, the Applicants may at any time prior to the Final Bid Deadline apply to the Insolvency Courts for approval to accept a "stalking horse" bid in the SISP.

## **COVID-19**

44. This SISP shall be interpreted so as to comply and be consistent with any applicable laws, regulations or public health directives related to the COVID-19 pandemic, and may be amended at any time with the approval of the Monitor and the Agent to the extent necessary or advisable to comply with same.



## **SCHEDULE "A"**

### **Addresses for Deliveries**

Any notice or other delivery made to the Monitor pursuant to this SISP shall be made to:

ALVAREZ & MARSAL CANADA INC.  
400 Burrard Street, Unit 1680  
Vancouver, BC  
V63 3A6  
Attention: Todd Martin / Anthony Tillman  
Email: [tmartin@alvarezandmarsal.com](mailto:tmartin@alvarezandmarsal.com) / [atillman@alvarezandmarsal.com](mailto:atillman@alvarezandmarsal.com)

with copy to:

NORTON ROSE FULBRIGHT CANADA LLP  
400 3 Ave SW  
Calgary, AB  
T2P 4H2  
Attention: Howard Gorman and Louis R. Strubeck, Jr.  
Email: [howard.gorman@nortonrosefulbright.com](mailto:howard.gorman@nortonrosefulbright.com) / [louis.strubeck@nortonrosefulbright.com](mailto:louis.strubeck@nortonrosefulbright.com)

Any notice or delivery made to the Sales Agent pursuant to this SISP shall be made to:

SEQUEIRA PARTNERS  
Suite 2250 TD Tower  
10088 102 Avenue  
Edmonton, AB  
T5S 2Z1  
Attention: Julie Afanasiff  
Email: [jafanasiff@sequeirapartners.com](mailto:jafanasiff@sequeirapartners.com)  
Facsimile: 1-877-790-6172

and to:

ERNST & YOUNG ORENDA CORPORATE FINANCE INC.  
10423 – 101 Street, Suite 1400  
PO Box 44  
Edmonton, AB  
T5H 0E7  
Attention: Darcy Yamada  
Email: [darcy.yamada@ca.ey.com](mailto:darcy.yamada@ca.ey.com)  
Facsimile: 780-429-5097

Deliveries pursuant to this SISP by email or by facsimile shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SISP shall be deemed to be received when delivered to the relevant address, as identified above.

## ASSET PURCHASE AGREEMENT

This Agreement is dated as of the 24 day of July, 2020

BETWEEN:

**ENT OILFIELD GROUP LTD.**, an Alberta corporation,  
**ENTREC ALBERTA LTD.**, an Alberta corporation, and  
**ENTREC CORPORATION**, an Alberta corporation

(the “**Vendors**”)


- and -

**4-Way Developments Ltd**

a corporation incorporated under the laws of  
Alberta

(the “**Purchaser**”)

This is Exhibit “B” referred to in  
the Affidavit of John Stevens  
Sworn before me this 7th day  
of August, 2020

  
A Commissioner for Oaths, in and  
for the Province of Alberta

**Spencer D. Norris**  
Barrister and Solicitor

**WHEREAS:**

- (a) Pursuant to an order of the Court of Queen’s Bench of Alberta (the “**Court**”), dated May 15, 2020 (as amended and as may be further amended, restated, supplemented or modified from time to time, the “**Initial Order**”), the Vendors obtained protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”);
- (b) Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was named as Court-appointed Monitor of the Vendors (the “**Monitor**”);
- (c) The Vendors obtained recognition of these CCAA proceedings and the Initial Order pursuant to orders of the US Court under Chapter 15, Title 11 of the United States Code (the “**US Proceedings**”);
- (d) Pursuant to an order of the Court dated May 25, 2020, the Court approved a sales and investor solicitation process (the “**SISP**”) in respect of the assets, properties and undertakings of the Vendors (as amended and as may be further amended, restated, supplemented or modified from time to time, the “**SISP Approval Order**”). The SISP Approval Order was recognized by the US Court on May 28, 2020;
- (e) In accordance with the Initial Order, the SISP and the SISP Approval Order, and subject to the approval of the Court and, if applicable, the US Court, the Vendors wish to sell and the Purchaser wishes to purchase all of the right, title and interest of the Vendors in and to the Purchased Assets of the ENT Oilfield Bonnyville location, pursuant to the terms and conditions of this Agreement.

**FOR VALUE RECEIVED**, the parties agree as follows:

## SECTION 1 – INTERPRETATION

### 1.1 Definitions

In this Agreement:

- (1) **Affiliate** of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "**control**" (including the terms "**controlled by**" and "**under common control with**") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise
- (2) **Agreement** means this agreement including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time;
- (3) **Approval and Vesting Order** means an order of the Court, substantially in the form of the model approval and vesting order found on the Court's website with any modifications satisfactory to the parties, providing for, among other things, the vesting in and to the Purchaser of all of the right, title and interest, if any, of the Vendors in and to the Purchased Assets, free and clear of all liens, charges and Encumbrances, except Permitted Encumbrances;
- (4) **Assignment Order** means an Order of the Court (and, if applicable, the US Court) in the CCAA Proceedings (or, if applicable the US Proceedings), in form and substance satisfactory to the parties, acting reasonably, among other things, assigning to the Purchaser, the Vendors' right, benefit and interest in and to any of the Assumed Contracts for which any necessary consent to assign has not been obtained by the date on which such Order is granted.
- (5) **Assumed Contracts** means those Contracts listed in Schedule "B" hereto;
- (6) **Assumed Liabilities** has the meaning set forth in Section 2.3;
- (7) **Authorizations** means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization, of any Governmental Authority related to the Purchased Assets or the Business;
- (8) **Business** means the business ordinarily carried on by the Vendors or any one of them;
- (9) **Business Day** means any day of the year, other than a Saturday or Sunday, on which banks are ordinarily open for the transaction of business in Edmonton, Canada;
- (10) **CCAA** has the meaning set forth in the recitals;
- (11) **CCAA Proceedings** means the proceedings under the CCAA commenced by the Vendors pursuant to the Initial Order;
- (12) **Closing** means the completion of the Transaction;
- (13) **Closing Date** means the [second] Business Day following the date on which the Approval and Vesting Order is granted or such later or earlier date as agreed to by the parties;



- (14) **Conditions Certificate** has the meaning ascribed to the term in Section 5.3;
- (15) **Confidentiality Agreement** means the confidentiality agreement between ENTREC Corporation and the Purchaser dated June, 2020;
- (16) **Contracts** means any written or oral agreements, contracts, personal property leases, real property leases, licenses from any Person, service contracts and any other similar written or oral agreements between the Vendors and any Person relating in any way to the Purchased Assets, but exclusive of contracts, agreements or other legally binding arrangements otherwise relating to the Excluded Assets;
- (17) **Court** has the meaning set forth in the recitals;
- (18) **Cure Costs** means the amount of all of the applicable Vendor's monetary defaults, if any, in respect of any Assumed Contracts that are required to be paid in accordance with the CCAA or in order to obtain the consent necessary to permit an assignment under Section 2.5 of this Agreement;
- (19) **Deposit** has the meaning ascribed to that term in Section 3.2(1)(a).
- (20) **Encumbrances** means all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging or creating a security interest in the Purchased Assets or any part thereof or interest therein, and any agreements, leases, options, easements, rights-of-way, restrictions, executions or other encumbrances, including notices or other registrations in respect of any of the foregoing, affecting title to the Purchased Assets or any part thereof or interest therein;
- (21) **ETA** means the *Excise Tax Act* (Canada);
- (22) **Excluded Assets** has the meaning specified in Section 2.2;
- (23) "Excluded Documents" shall have the meaning ascribed to it in item (5) in Schedule C;
- (24) **Excluded Liabilities** has the meaning specified in Section 2.4;
- (25) **Governmental Authority** means any Canadian federal, provincial, municipal or local, or other government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body having jurisdiction over the Purchased Assets;
- (26) **GST/HST** means taxes, interest, penalties and fines imposed under Part IX of the ETA;
- (27) **Initial Order** has the meaning set forth in the recitals;
- (28) **Listed Employee** has the meaning set forth in Section 2.6;
- (29) **Monitor** has the meaning set forth in the recitals;
- (30) **Monitor's Certificate** means a certificate duly executed by the Monitor pursuant to the Approval and Vesting Order confirming that the conditions to Closing, as set forth herein, have

been satisfied or waived and the sale of the Purchased Assets has been completed to the satisfaction of the Monitor;

- (31) ***Permitted Encumbrances*** means those Encumbrances listed in Schedule “D” hereto;
- (32) ***Person*** means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority, and pronouns have a similarly extended meaning;
- (33) ***Purchaser*** has the meaning set forth in recitals;
- (34) ***Purchased Assets*** has the meaning set forth in Section 2.1(1);
- (35) ***Purchase Price*** has the meaning set forth in Section 3.1(1);
- (36) ***SISP*** has the meaning set forth in the recitals;
- (37) ***SISP Approval Order*** has the meaning set forth in the recitals;
- (38) ***SISP Procedures*** means the procedures approved by the Court governing the SISP and attached as Schedule “B” to the SISP Approval Order, which may be amended or modified from time to time in accordance with its terms or the SISP Approval Order;
- (39) ***Terminated Employees*** means has the meaning set forth in Section 2.6.
- (40) ***Time of Closing*** means [2:00 p.m.] Edmonton time on the Closing Date or as otherwise determined by mutual agreement of the parties in writing;
- (41) ***Transaction*** means the transaction of purchase and sale contemplated by this Agreement;
- (42) ***Transferred Employee*** has the meaning set forth in Section 2.6;
- (43) ***Transfer Taxes*** has the meaning set forth in Section 3.4(2);
- (44) ***US Court*** means the United States Bankruptcy Court for the Southern District of Texas;
- (45) ***Vendors*** has the meaning set forth in the recitals;

## **1.2 Headings and References**

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement,” “hereof,” “hereunder” and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to “Sections” are to sections, subsections and further subdivisions of sections of this Agreement.



### **1.3 Extended Meanings**

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including without limitation.”

### **1.4 Statutory References**

Each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended or re-enacted from time to time.

### **1.5 Schedules**

The following are the Schedules to this Agreement:

**Schedule “A”:** Purchased Assets

**Schedule “B”:** Assumed Contracts

**Schedule “C”:** Excluded Assets

**Schedule “D”:** Permitted Encumbrances

**Schedule “E”:** Allocation of Purchase Price

**Schedule “F”:** Purchased Equipment

## **SECTION 2– PURCHASE AND SALE**

### **2.1 Sale and Purchase of Purchased Assets**

(1) Subject to the terms and conditions of this Agreement and the Approval and Vesting Order, on the Closing Date, the Vendors shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase from the Vendors, the assets listed on **Schedule “A”** (collectively, the “**Purchased Assets**”), which shall be free and clear of all Encumbrances other than Permitted Encumbrances.

### **2.2 Excluded Assets**

(1) For greater certainty and clarity, the Purchased Assets shall not include any of the assets listed on **Schedule “C”** (collectively, the “**Excluded Assets**”).

### **2.3 Assumed Liabilities**

(1) Subject to the Closing of the Transaction on the Closing Date, the Purchaser agrees to discharge, perform and fulfil the following obligations and liabilities of the Vendors with respect to the Purchased Assets (collectively, the “**Assumed Liabilities**”):

- (a) all obligations and liabilities of the Vendors relating to the Purchased Assets that relate to the period from and after the Closing Date;



- (b) all obligations and liabilities under the Assumed Contracts, to the extent assigned to the Purchaser, arising subsequent to the Closing Date and not related to any default existing at, prior to, or as a consequence of, Closing; and
- (c) all other obligations and liabilities expressly assumed under this Agreement.

## 2.4 Excluded Liabilities

(1) The Purchaser shall not assume and shall have no obligation to discharge, perform or fulfil any Excluded Liabilities. **"Excluded Liabilities"** means any and all liabilities and obligations of the Vendors or with respect to their business or the Purchased Assets, other than the Assumed Liabilities. Excluded Liabilities includes, without limiting the generality of the foregoing, the following:

- (a) all liabilities for salary, wages, bonuses, commissions, vacation pay and other compensation relating to the employment of any or all Persons by the Vendors prior to the Closing Date and all liabilities under or in respect of any employee plans;
- (b) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Vendors of the employment of any employee who does not become a Transferred Employee;
- (c) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment in the Vendors' business prior to the Closing Date;
- (d) all employment-related claims, penalties and assessments in respect of the Business arising out of matters which occurred prior to the Closing Date;
- (e) subject to Section 2.5(3), liabilities incurred or accruing due prior to the Closing Date under the Assumed Contracts;
- (f) liabilities relating to the Excluded Assets;
- (g) any and all liability for any proceedings, litigation or claims against the Vendors;
- (h) any assessment or reassessment for income, corporate, capital, sales, excise or other taxes, duties or imports of any kind whatsoever of the Vendors, if incurred or accruing due prior to the Closing Date;
- (i) any product liability or warranty or service liability, arising at any time in respect of products manufactured, constructed, installed, shipped, distributed, sold or provided by the Vendors on or prior to the Closing Date.

## 2.5 Assumed Contracts

(1) The Vendors shall use commercially reasonable efforts to assist the Purchaser in obtaining any necessary consents of third parties to the assignment of the Assumed Contracts. Until necessary consents, or an Assignment Order, as applicable, is obtained, the Vendors shall hold the applicable Assumed Contracts in trust for the Purchaser.

(2) Subject to the approval of the Court and, if applicable, the US Court, the Assumed Contracts where consent to such assignment is necessary but has not been received by the Closing Date, shall be assigned to the Purchaser pursuant an Assignment Order.

(3) The Purchaser shall be responsible for all Cure Costs in respect of any Assumed Contracts.

(4) The Purchaser shall indemnify and hold harmless the Vendors from and against any claims or liabilities arising under or in connection with any of the Assumed Contracts for matters occurring on or after, and which relate to the period on or after, the Closing Date.

(5) Nothing in this Agreement will constitute an agreement to assign or an attempted assignment of any non-assignable rights or any Contracts for which any consent or approval is required unless such consent, approval, or an Assignment Order, has been obtained. Nothing in this Agreement constitutes an agreement to assign a Contract which as a matter of law is not assignable.

## **2.6 Employees**

At least four (4) Business Days prior to the Closing Date (or such other date as is mutually agreed to by the Vendors and the Purchaser), the Purchaser shall provide to the Vendors and the Monitor a list of all of the employees that it has determined shall be offered employment by the Purchaser upon the Closing (the **"Listed Employees"**). The Purchaser may offer employment it determines in its sole discretion. The term **"Transferred Employees"** means those employees who receive an offer of employment from the Purchaser and accept the Purchaser's offer of employment. Prior to Closing, the Purchaser shall provide the Vendor and the Monitor a list of all Transferred Employees. Upon Closing, the Vendors shall terminate with effect as of the Closing Date the employment of (i) all employees that are not Listed Employees and (ii) all employees that are Listed Employees, but not also Transferred Employees (collectively, the **"Terminated Employees"**). The Purchaser shall be responsible for all liabilities for salary, wages, bonuses, commissions, vacation pay and other compensation relating to the employment of the Transferred Employees after the Closing Date, provided that the Vendors shall be responsible for payment of all salary, wages, bonuses, commissions, vacation pay and other compensation accruing to any of the Transferred Employees up to and including the Closing Date and any payments to be made pursuant to the key employee retention and incentive plan (the **"KERP/KEIP"**) referred to in the SISP Approval Order. For greater certainty, the Purchaser shall have no liability or responsibility for any obligation of any nature owing to the Terminated Employees. Notwithstanding the foregoing, Purchaser and its Affiliates shall credit any Transferred Employees for service earned on and prior to the Closing Date with the Vendors or any of their Affiliates, in addition to service earned with Purchaser or any of its Affiliates on or after the Closing Date: (i) for purposes of eligibility, vesting or the calculation of vacation, severance, termination pay, and similar benefits under any retirement or other employee benefit plan, program or arrangement of Purchaser or any of its Affiliates for the benefit of the Transferred Employees on or after the Closing Date, and (ii) for such additional purposes as may be required by Applicable Laws; *provided*, that nothing herein shall result in a duplication of benefits with respect to the Transferred Employees.



## **SECTION 3 – PURCHASE PRICE**

### **3.1 Purchase Price**

(1) The consideration payable by the Purchaser to the Vendors for the Purchased Assets of the ENT Oilfield Bonnyville location (the “**Purchase Price**”) shall be:

- (a) [REDACTED] and
- (b) the assumption of the Assumed Liabilities.

### **3.2 Payment of Purchase Price**

(1) The Purchase Price will be satisfied by the Purchaser on Closing as follows:

- (a) Application of the deposit (the “**Deposit**”) in the amount of [REDACTED] paid by the Purchaser to the Monitor in connection with the Purchaser’s Final Bid (as defined in the SISP Procedures) in accordance with the SISP Procedures; and
- (b) the aggregate balance of the Purchase Price in the sum of [REDACTED] will be paid by the Purchaser by wire transfer to the account designated by the Vendors, or by such other method mutually agreeable to the Parties.

### **3.3 Purchase Price Allocation**

The Purchase Price will be allocated among the Purchased Assets by the parties in accordance in the allocation set out in Schedule “E” hereto, and the Vendors’ and Purchaser shall file their respective income tax returns in accordance with that allocation.

### **3.4 Taxes**

(1) The Vendors and the Purchaser shall jointly elect under Subsection 167(1) of the ETA in connection with the purchase and sale of the Purchased Assets. The Purchaser shall file that joint election with the relevant Governmental Authority in accordance with the requirements of the ETA, and the Vendors hereby authorizes the Purchaser and its accountants to file that joint election on behalf of the Vendors.

(2) The Purchaser will be liable for and shall pay directly to the relevant Governmental Authority, as required, all federal and provincial sales taxes, duties or other taxes or charges payable in connection with the conveyance and transfer of the Purchased Assets to the Purchaser, including GST/HST (if applicable), but excluding any income taxes payable by the Vendors or any other person as a result of the completion of the Transaction (collectively, the “**Transfer Taxes**”), and the Vendors hereby direct the Purchaser to make those payments directly to the relevant Governmental Authority. To the extent any Transfer Taxes are required to be paid by or are imposed upon the Vendors, the Purchaser will reimburse to the Vendors such taxes within five (5) Business Days of payment of such taxes by the Vendors. The Purchaser will indemnify and hold the Vendors harmless in respect of any Transfer Taxes, penalties, interest and other amounts that may be assessed against the Vendors as a result of the sale of the Purchased Assets.



- (3) The Purchaser's obligations under this Section 3.4 shall survive closing.

## **SECTION 4 – REPRESENTATIONS AND WARRANTIES**

### **4.1 Vendors' Representations**

- (1) The Vendors represent and warrant to the Purchaser that:
- (a) subject to obtaining the Approval and Vesting Order, each of the Vendors has the full right, power and authority to enter into this Agreement, perform its obligations hereunder and convey all right, title and interest of the Vendors in and to the Purchased Assets;
  - (b) the execution and delivery of this Agreement and all other documents contemplated hereunder to which the Vendors are or will be a party have been, or will be, duly authorized by all necessary action on the part of the Vendors, subject to the Approval and Vesting Order;
  - (c) this Agreement and all other documents contemplated hereunder to which the Vendors are or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Vendors and constitute or will constitute, as at the Time of Closing, legal, valid and binding obligations of the Vendors enforceable in accordance with the terms hereof or thereof, subject to the Approval and Vesting Order;
  - (d) the Vendors are not aware of any action, proceeding or appeal pending or threatened which may affect its ability to convey any of the Purchased Assets or in any way restrain or prohibit the completion of the Transaction;
  - (e) the Vendors are not, and at the Time of Closing will not be, a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada); and
  - (f) the Vendors are registered under Part IX of the ETA and their respective GST numbers will be provided to the Purchaser prior to the Closing Date.

### **4.2 Purchaser's Representations**

- (1) The Purchaser represents and warrants to the Vendors that:
- (a) the Purchaser is a corporation existing under the laws of the Province of Alberta, and has full corporate power and authority to enter into and carry out this Agreement and the Transaction;
  - (b) the entering into of this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been, or will be, duly authorized by all requisite corporate action;
  - (c) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be duly and validly executed and

delivered by the Purchaser and constitute or will constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;

- (d) other than the Approval and Vesting Order, no approval or consent of and no filing with or application to any Governmental Authority is required for the Purchaser to enter into this Agreement or to complete the Transaction, other than such approvals, consents, filings and applications that have been obtained or made as at the date hereof, copies of which have been provided to the Vendors; and
- (e) the Purchaser is registered under Part IX of the ETA.

#### **4.3 “As is, Where is”**

(1) The Purchaser acknowledges that the Vendors are selling the Purchased Assets on an “as is, where is” basis as the Purchased Assets shall exist on the Closing Date, wherever situate, and no adjustments shall be made for any changes in the condition of the Purchased Assets. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Purchaser has conducted such inspections and due diligence of the condition of and title to the Purchased Assets, as it deemed appropriate and has satisfied itself with regard to these matters. Except as set out in Section 4.1, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for any particular use or purpose, merchantability, condition, assignability, value or quality or any other matter concerning the Purchased Assets or the right of the Vendors to sell same, the Business or the Assumed Liabilities and without recourse to the Vendors or the Monitor. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Alberta) or similar legislation in any other jurisdiction do not apply hereto and have been waived by the Purchaser and the Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendors or the Monitor with respect to the Purchased Assets or otherwise relating to the Transaction has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The description of the Purchased Assets contained herein is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendors or Monitor concerning completeness or the accuracy of such descriptions.



(2) The Purchaser shall have reasonable access to the Purchased Assets on reasonable notice to the Vendors for the purposes of conducting inspections and other due diligence prior to the Closing Date.

(3) The Vendors agree to make commercially reasonable efforts to provide any authorization reasonably required to allow the Purchaser's solicitor to perform searches for the purposes of conducting due diligence prior to the Closing Date.

## **SECTION 5- CONDITIONS TO CLOSING**

### **5.1 Conditions for the benefit of the Purchaser**

(1) The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Vendors contained in this Agreement shall be true as of the Time of Closing with the same effect as though made as of that time and the Vendors shall deliver to the Purchaser a certificate signed by a representative of the Vendors to that effect;
- (b) the Vendors shall have performed each of its obligations contained in this Agreement to the extent required to be performed on or before the Closing Date;
- (c) there shall be no action, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper;
- (d) the Court shall have issued the Approval and Vesting Order, and such order shall not have been appealed, stayed, varied or set aside nor has leave to appeal been sought; and
- (e) the Vendors shall have delivered or caused to be delivered to the Purchaser each of the items listed in Section 6.2.
- (f) successful novation of Imperial Oil Cold Lake contract from Vendor to Purchaser

(2) The foregoing conditions are for the exclusive benefit of the Purchaser.

### **5.2 Conditions for the benefit of the Vendors**

(1) The obligation of the Vendors to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made as of that time and the Purchaser shall deliver to the Vendors a certificate signed by a representative of the Purchaser to that effect;



- (b) the Purchaser shall have performed each of its obligations contained in this Agreement to the extent required to be performed on or before the Closing Date;
  - (c) the Court shall have issued the Approval and Vesting Order, and such order shall not have been appealed, stayed, varied or set aside nor has leave to appeal been sought; and
  - (d) the Purchaser shall have delivered or caused to be delivered to the Vendors each of the items listed in Section 6.3.
- (2) The foregoing conditions are for the exclusive benefit of the Vendors.

### **5.3 Monitor's Certificate**

Upon receipt of written confirmation from a representative of each of the Vendors and Purchaser (each a "**Conditions Certificate**"), the Monitor shall deliver an executed copy of the Monitor's Certificate to each of the Vendors and the Purchaser, or their respective counsel, and file same with the Court as soon as reasonably practical thereafter. The Monitor shall be entitled to rely on the receipt of an executed Conditions Certificate to deliver the Monitor's Certificate, without independent investigation. Closing shall be deemed to have occurred upon the delivery of the Monitor's Certificate to the Vendors and Purchaser, or their respective counsel, in accordance with this section.

### **5.4 Termination Rights**

- (1) This Agreement may, by notice in writing given on or before the Closing Date, be terminated:
- (a) by mutual consent of the Vendors and Purchaser, with the consent of the Monitor;
  - (b) by the Purchaser, if:
    - (i) any of the conditions contained in Section 5.1 hereof are not fulfilled on or prior to the Time of Closing, or if it becomes apparent, acting reasonably, that any such condition cannot be satisfied at or prior to the Time of Closing, and such non-fulfillment is not directly or indirectly as a result of any action or omission of the Purchaser, and the Purchaser has not waived such condition in writing at or prior to the Time of Closing; or
    - (ii) there has been a material breach of this Agreement by the Vendors and such breach has not been waived by the Purchaser in writing or cured within five (5) Business Days of written notice of such breach by the Purchaser;
  - (c) By the Vendors, with the consent of the Monitor, if:
    - (i) any of the conditions contained in Section 5.2 hereof are not fulfilled on or prior to the Time of Closing, or if it becomes apparent, acting reasonably, that any such condition cannot be satisfied at or prior to the Time of Closing, and such non-fulfillment is not directly or indirectly as a result of any action

or omission of the Vendors, and the Vendors have not waived such condition in writing at or prior to the Time of Closing; or

- (ii) there has been a material breach of this Agreement by the Purchaser and such breach has not been waived by the Vendors in writing or cured within five (5) Business Days of written notice of such breach by the Vendors.

## **5.5 Effect of Termination**

If this Agreement is terminated pursuant to Section 5.4, this Agreement shall be of no further force or effect and termination of this Agreement shall not relieve any party from any liability for any breach of this Agreement occurring prior to termination. The forfeiture or return of the Deposit paid by the Purchaser under the SISP Procedures shall be governed by the SISP Procedures.

## **SECTION 6– CLOSING**

### **6.1 Closing**

The completion of the Transaction shall take place at the offices of Norton Rose Fulbright LLP, solicitors for the Monitor, in Calgary, Canada at the Time of Closing or at such other location(s) as are agreed upon by the parties.

### **6.2 Vendors' Deliveries on Closing**

- (1) At or before the Time of Closing, the Vendors shall deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:
  - (a) a copy of the issued and entered Approval and Vesting Order;
  - (b) a bill of sale substantially executed by the Vendors, conveying to the Purchaser all of the right, title and interest of the Vendors, if any, in and to the Purchased Assets;
  - (c) any assignments of any of the Vendors' rights under the Assumed Contracts required pursuant to this Agreement;
  - (d) a certificate from a representative of the Vendors certifying that all of the representations and warranties of the Vendors are and remain true in all material respects as at the Time of Closing;
  - (e) the Vendors' Conditions Certificate;
  - (f) the Monitor's Certificate;
  - (g) the GST/HST tax election(s), executed by the Vendors; and
  - (h) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement and convey title to the Purchased Assets to the Purchaser.



### **6.3 Purchaser's Deliveries on Closing**

(1) At or before the Time of Closing, the Purchaser shall execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendors, acting reasonably:

- (a) payment of the balance of the cash portion of the Purchase Price;
- (b) a certificate from a representative of the Purchaser certifying that all of the representations and warranties of the Purchaser are and remain true in all material respects as at the Time of Closing;
- (c) payment or evidence of the payment of the Transfer Taxes, if any, or an undertaking to pay all Transfer Taxes, coupled with an indemnity in favour of the Vendors in respect of same;
- (d) the Purchaser's Conditions Certificate;
- (e) the GST/HST tax election(s), executed by the Purchaser; and
- (f) such further and other documentation as is referred to in this Agreement or as the Vendors or Monitor may reasonably require to give effect to this Agreement.

### **6.4 Risk**

Until completion of this Agreement on the Closing Date, the Purchased Assets shall be and remain at the risk of the Vendors. In the event of any material damage to the Purchased Assets on or before the Closing Date, the Purchaser may elect (i) to require the Vendors to repair the Purchased Assets to the same state and condition as it was in at the time this Agreement was entered into in which event the Purchaser will complete the Transaction without an abatement in the Purchase Price; or (ii) to reduce the Purchase Price by an amount equal to the cost required to complete the repair as estimated by an independent qualified mechanic, architect or engineer retained by the Vendors in which event the Purchaser will complete the Transaction and accept the price reduction equal to such cost; or (iii) to terminate this Agreement and neither party shall have any further rights or obligations under this Agreement.

### **6.5 Possession of Purchased Assets**

On Closing the Purchaser shall acquire ownership of the Purchased Assets where situate at the Time of Closing provided that in no event shall title to the Purchased Assets pass to the Purchaser until the Approval and Vesting Order is effective.

### **6.6 Tender**

Any tender of documents or money hereunder may be made upon the Vendors or the Purchaser or their respective solicitors on the Closing Date.



## **SECTION 7– GENERAL**

### **7.1 Notices**

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the recipients as follows:

in the case of the Purchaser:

c/o ENTREC CORPORATION  
#201, 1 Carswell Street  
St. Albert, AB T8N 7N5

**Attention – Glen Fleming**

**E-mail: [gffleming@entrec.com](mailto:gffleming@entrec.com)**

with a copy to:

Morrow Tchir LLP  
PO Box 336  
5226-50 Avenue  
St. Paul, Alberta, T0A 3A0

Attn: James E. Morrow  
Email: [jemorrow@morrowtchir.ca](mailto:jemorrow@morrowtchir.ca)

in the case of the Vendors:

c/o ENTREC CORPORATION  
#201, 1 Carswell Street  
St. Albert, AB T8N 7N5

Attention: Jason Vandenberg, CFO  
E-mail: [jvandenberg@entrec.com](mailto:jvandenberg@entrec.com)

with a copy to:

NERLAND LINDSEY LLP  
1400, 350 – 7th Ave SW  
Calgary, AB T2P 3N9

Attention: Joe Brennan

E-mail: [jbrennan@nerlandlindsey.com](mailto:jbrennan@nerlandlindsey.com)

in the case of the Monitor:

ALVAREZ & MARSAL CANADA INC.  
400 Burrard Street, Unit 1680  
Vancouver, BC V6J 3A6

Attention: Todd Martin / Anthony Tillman  
Email: [tmartin@alvarezandmarsal.com](mailto:tmartin@alvarezandmarsal.com)  
[atillman@alvarezandmarsal.com](mailto:atillman@alvarezandmarsal.com)

with a copy to:

NORTON ROSE FULBRIGHT CANADA LLP  
400 3 Ave SW  
Calgary, AB T2P 4H2

Attention: Howard Gorman and Louis R. Strubeck, Jr.  
Email: [howard.gorman@nortonrosefulbright.com](mailto:howard.gorman@nortonrosefulbright.com)  
[louis.strubeck@nortonosefulbright.com](mailto:louis.strubeck@nortonosefulbright.com)

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication shall be conclusively deemed to have been given, if given by personal delivery, on the day of actual delivery thereof if delivered during normal business hours of the recipient on a Business Day and, if given by electronic communication, on the day of the transmittal thereof if transmitted during normal business hours of the recipient on a Business Day and on the next Business Day following the delivery or transmittal thereof if not so delivered or transmitted.

## **7.2 Announcements**

Except as required by law or in respect of the motion to obtain the Approval and Vesting Order, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation.

## **7.3 Time of Essence**

Time shall be of the essence for every provision hereof.

## **7.4 Expenses**

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, advisers and auditors) incurred in connection with this Agreement and the Transaction shall be paid by the party incurring such expenses, subject to any rights either party may have to have any such fees included in any security held by that party against the assets of the Vendors.

## **7.5 Third Party Beneficiaries**

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

## **7.6 Further Assurances**

During the thirty (30) day period after the Closing Date, each party shall from time to time execute and deliver, or cause to be executed and delivered, all such documents and instruments and do, or cause to be done, all such acts and things as the other party may, either before or after the Closing, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

## **7.7 Time Periods**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done, shall be calculated by excluding the day on which the period commences and includes the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business day.

## **7.8 Entire Agreement**

This Agreement, together with the Confidentiality Agreement, constitutes the only agreement between the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, provisions, covenants, agreements, understandings and representations on that subject, all of which have become merged and finally integrated into this Agreement.

## **7.9 Amendments**

This Agreement may only be amended, modified or supplemented by a written agreement signed by the parties.

## **7.10 Waiver**

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the party to be bound thereby.

## **7.11 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.



#### **7.12 Benefit of Agreement**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

#### **7.13 Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

#### **7.14 Counterparts**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or other electronic copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement.

#### **7.15 Assignment and Enurement**

No party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the forgoing, the Purchaser shall have the right to assign, in whole or in part, its rights to acquire the Purchased Assets hereunder to any Affiliate of the Purchaser.

#### **7.16 Confidentiality**

Notwithstanding anything to the contrary set forth herein or in any other agreement to which the Parties are parties or by which they are bound, including the Confidentiality Agreement, the Parties acknowledge and understand that this Agreement (together with the exhibits and schedules attached hereto) will be made available to, and disclosures relating to the transactions contemplated hereby will be made to, the Vendors' secured lenders, their affiliates, agents, consultants, counsel and other representatives. The Parties agree that such disclosure will not be deemed to violate any confidentiality obligations owing to any Party under this Agreement or the Confidentiality Agreement, whether pursuant to this Agreement, the Confidentiality Agreement or otherwise. Neither this Agreement nor the Confidentiality Agreement shall in any way limit the disclosure of information by the Vendor's or their Affiliates in connection with the administration of the CCAA Proceedings or any similar proceedings in the United States, pursuant to any provision of applicable law or any order of the Court in the CCAA Proceedings or any other court of competent jurisdiction.

*[signature page follows]*

**Dated** as of the date first set out above.

**4-Way Developments Ltd**

Per: GE  
Name: Glen Fleming  
Title: Director  
I have the authority to bind the corporation

**ENT OILFIELD GROUP LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I have the authority to bind the corporation

**ENTREC ALBERTA LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I have the authority to bind the corporation

**ENTREC CORPORATION**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have the authority to bind the corporation



**Schedule "A"**  
**Purchased Assets**

**"Purchased Assets"** means:

(A) With respect to all Vendors other than ENTREC Corporation, other than the Excluded Assets, the Vendors' right, title and interest in and to all of Vendors' assets, undertakings and properties relating to the ENT Oilfield Bonnyville location, including, but not limited to:

- (a) ~~**Accounts.** All accounts receivable, trade accounts, book debts, insurance claims, refunds, prepaid expenses, rebates and other monetary obligations due or accruing due to the Vendors;~~
- (b) **Authorizations.** All Authorizations of the Vendors to the extent that they are transferable;
- (c) **Prepaid Expenses.** All prepaid expenses of the Vendors;
- (d) **Deposits.** All deposits and prepaid charges and expenses of the Vendors;
- (e) **Inventory.** All inventory relating to the Vendors' business including, without limitation, work-in-progress, samples, goods-in-transit, finished goods, and raw materials;
- (f) **Machinery, Equipment.** All machinery and equipment, including all tooling and equipment replacement parts, including, without limitation the machinery and equipment listed on **Schedule "F"**
- (g) **Furniture.** All furniture, trade fixtures and other chattels owned by the Vendors, including those in possession of third parties;
- (h) **Books and Records.** All books and records, in electronic form or otherwise, used in connection with the Vendors' business, but excluding the Excluded Documents;
- (i) **Claims.** All claims of the Vendors relating to their business or the Purchased Assets, whether known or unknown, contingent or otherwise;
- (j) **Intangibles.** All intangible personal property of the Vendors, including, without limitation, the following:
  - (i) business and trade names, corporate names, brand names and slogans;
  - (ii) all mobile applications, servers and related software;
  - (iii) all inventions, patents, patent rights, patent applications, utility models and all equivalent or similar rights anywhere in the world;

- (iv) all registered and unregistered trade-marks (including the goodwill attaching to such trade-marks), service marks, trade names, trade dress, logos, business, corporate and product names and slogans and registrations and applications for trade-marks;
  - (v) all copyrights in copyrightable works, all non-copyrightable works, and all other rights of authorship, worldwide, and all applications, registrations and renewals in connection therewith; and
  - (vi) all licenses (end-user or otherwise) of the intellectual property listed in items (i) to (v) above;
  - (k) **IT Systems.** All computer equipment and peripheral systems, supplies and accessories used in the Vendors' business, and all software and software licences;
  - (l) **Goodwill.** The goodwill associated with the Vendors' business, including the exclusive right of the Purchaser to represent itself as carrying on the business in continuation of and in succession to the Vendors' and all rights to use any words indicating that the business is so carried on;
  - (m) **Contracts.** To the extent they are assignable, all right, title and interest of the Vendor in, to and under, and the full benefit of, the Assumed Contracts; and
  - (n) **Misc.** All other rights, properties and assets of the Vendors, of whatever nature or kind and wherever situated.
- (B) With respect to ENTREC Corporation, all machinery and equipment, including all tooling and equipment replacement parts, listed on **Schedule "F"** which are used in the business of the other Vendors but which are registered in the name of ENTREC Corporation.

**Schedule "B"**  
**Assumed Contracts**

See attached Schedule B



**Schedule "C"**  
**Excluded Assets**

The following assets of the Vendors are Excluded Assets:

- (1) **Cash, Accounts.** All cash and cash equivalents, bank deposits or similar cash items of the Vendors;
- (2) **Tax Refunds and Credits.** Any claim, right or interest of the Vendors in or to any refund, rebate, abatement or other recovery for taxes paid by or on behalf of the Vendors, including in respect of capital losses, together with any interest due thereon or penalty rebate arising therefrom, for any tax period (or portion thereof);
- (3) **Deposits on Excluded Assets.** All of Vendor's deposits, retainers or prepaid charges and expenses paid in connection with, or relating to, any Excluded Assets;
- (4) **Claims Related to this Agreement.** Any claims of the Vendors relating to, or arising out of, this Agreement or any conveyance documents provided pursuant to this Agreement;
- (5) **General.** (A) any documents primarily related to any Excluded Assets; (B) files which the Vendors are not permitted to release to Purchaser under applicable laws regarding privacy or pursuant to any contractual confidentiality obligation owed to any third party; (C) personnel medical records pertaining to any employee which are required by law to be kept confidential; (D) other books and records that the Vendors are required by law to retain or that the Vendors determine are necessary or advisable to retain including tax returns, financial statements, and corporate or other entity filings; provided, however, that the Purchaser shall have the right to make copies of any portions of such retained books and records that relate to any of the Purchased Assets; (E) minute books, stock ledgers and stock certificates, corporate articles and bylaws, capital stock or other similar equity interests of the Vendors; and (F) documents relating to proposals to acquire the Purchased Assets by persons other than the Purchaser (collectively, the "**Excluded Documents**");
- (6) **Non-assignable Authorizations.** Any Authorizations which are not assignable;
- (7) **ENTREC Name and Trademark.** Any right to the name ENTREC (whether in its legal name, trade name or otherwise), or any variation thereof, or any right to use any trade marks associated therewith, or to otherwise identify itself as ENTREC; and
- (8) **Claims Against Third Parties.** Any claims of the Vendors against third parties to the extent relating to the assets described in the foregoing items, excluding warranty claims and rights against the manufacturers of any of the Purchased Assets and warranty claims against suppliers which relate to claims brought against the Purchaser after the Closing Date;
- (9) **Accounts Receivable**

**Schedule "D"**  
**Permitted Encumbrances**

**Office and Shop lease with 4-Way Developments Ltd**

**Lease P446 Element**

**Lease P493 Element**

**Schedule "E"**  
**Allocation of Purchase Price**

**See attached Schedule E**



**Schedule "F"**  
**Purchased Equipment**

**All shop equipment, tools and inventory, all safety equipment and inventory including PPE, all office furniture, computer equipment, leasehold improvements, safety management system, phones and phone numbers, transferable licences, IT systems and ENT Oilfield trade name and logo relating to the ENT Oilfield Bonnyville location.**

**THIS IS CONFIDENTIAL EXHIBIT "1"  
WHICH IS SUBJECT TO A REQUESTED SEALING ORDER  
AND REFERRED TO IN THE AFFIDAVIT OF JOHN STEVENS  
SWORN BEFORE ME THIS  
7<sup>TH</sup> DAY OF AUGUST, 2020**



---

**A COMMISSIONER FOR OATHS IN AND  
FOR THE PROVINCE OF ALBERTA**

Spencer D. Norris  
Barrister and Solicitor

**THIS IS CONFIDENTIAL EXHIBIT "2"  
WHICH IS SUBJECT TO A REQUESTED SEALING ORDER  
AND REFERRED TO IN THE AFFIDAVIT OF JOHN STEVENS  
SWORN BEFORE ME THIS  
7<sup>TH</sup> DAY OF AUGUST, 2020**



---

**A COMMISSIONER FOR OATHS IN AND  
FOR THE PROVINCE OF ALBERTA**

Spencer D. Norris  
Barrister and Solicitor