

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 / 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 / louis.strubeck@nortonosefulbright.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
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
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.