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COURT FILE NUMBER B201 703459
 25-2703459

COURT COURT OF QUEEN'S BENCH OF ALBERTA
 IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY
 AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3,
 AS AMENDED

\$50
 COM
 March 26, 2021
 Justice Mah

AND IN THE MATTER OF THE NOTICE OF
 INTENTION TO MAKE A PROPOSAL OF SALT
 BUSH ENERGY LTD.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT
 INFORMATION OF PARTY FILING THIS DOCUMENT

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NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: March 26, 2021
 Time: 3:30 p.m.
 Where: Edmonton Law Courts (Virtual Courtroom via WebEx - see
 Schedule "A" hereto)
 Before Whom: The Honourable Mr. Justice D.R. Mah

Go to the end of this document to see what else you can do and when you must do it.

Remedy Claimed or Sought: Salt Bush Energy Ltd. (the "**Debtor**") applies for an order,
 substantially in the form attached as Schedule "**B**" hereto:

1. Declaring that the time for service of this application (the “**Application**”), the Second Report of Deloitte Restructuring Inc., in its capacity as the proposal trustee of the Debtor (the “**Second Report**”), and the Affidavit of Charles Morgan, sworn on March 15, 2021 (“**Morgan Affidavit**”), is abridged, if necessary, the Application is properly returnable February 12, 2021, that service of the Application, the Second Report, and the Morgan Affidavit on the service list created and maintained in respect of the within proceedings (the “**Service List**”) is validated, good, and sufficient and that no persons other than those on the Service List are entitled to service of the materials filed in connection with the within Application.
2. Extending the time within which the Debtor may file a proposal, pursuant to section 50.4(9) the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”), by 45 days, up to and including May 13, 2021.
3. Ordering and declaring that service of any orders arising from the Application by email, facsimile, registered mail, courier, regular mail, or personal delivery, shall constitute good and sufficient service of such orders and that no persons other than those in attendance at the Application are entitled to be served with a copy of such orders.
4. Such further and other relief as counsel for the Applicant may advise and this Honourable Court may permit.

Grounds for Making this Application: The grounds for the Application are as follows:

Background

5. The Debtor is an oil and gas exploration and production company based in the City of Calgary, and conducts business within the Province of Alberta. The Debtor is engaged in the business of operating working interests in the Wizard Lake Oil Field, approximately fifty (50) kilometers southwest of the City of Edmonton.
6. On January 13, 2021, the Debtor filed a Notice of Intention to Make a Proposal (the “**NOI**”) under and pursuant to section 50.4 of the BIA. Deloitte Restructuring Inc. was appointed as the proposal trustee (the “**Proposal Trustee**”, when referred to in such capacity) in the Debtor’s NOI.
7. On February 12, 2021, the Honourable Justice D.B. Nixon granted an order (the “**February 12 Order**”) which, among other things:

- (a) extended the time within which the Debtor may file a proposal to its creditors, until and including March 29, 2021; and,
 - (b) approved a sale and investment solicitation process (the “**SISP**”) in respect of the Debtor, and the execution and delivery of a stalking horse purchase and sale agreement (the “**Stalking Horse APA**”) between the Debtor and Ironbark Energy Ltd. (the “**Stalking Horse Bidder**”), a corporation related to the Debtor.
8. Pursuant to the February 12 Order, the Proposal Trustee is solely responsible for administering the SISP, and for communicating with potential bidders thereunder. The Proposal Trustee has now commenced the SISP in order to canvas the market and potentially source a Superior Offer (as such term is defined in the SISP).
9. The material dates in connection with the SISP are as follows:
- (a) the SISP was commenced on or about February 15, 2021 (the “**SISP Commencement Date**”), by the Proposal Trustee preparing, in consultation with the Debtor, as list of known potential strategic and financial bidders;
 - (b) the Phase 1 bid deadline, for the delivery of offers, shall conclude at 5:00 p.m. (Calgary time) on April 16, 2021 (the “**Bid Deadline**”), being 60 days after the SISP Commencement Date;
 - (c) the Proposal Trustee shall extend invitations to all Qualified Bidders (as defined in the SISP) to attend the Phase 2 Auction on the third business day after the Bid Deadline;
 - (d) the Phase 2 Auction shall be held no earlier than five (5) Business Days after the Phase 1 Bid Deadline, and no later than April 28, 2021; and,
 - (e) the contemplated completion date, for the closing of any transaction arising out of the SISP, is May 17, 2021.
10. The approval and entering into of the Stalking Horse APA, in conjunction with the commencement of the SISP, provides the Debtor with stability and security during the SISP

and, in the event no Superior Offer arises, ensures that there is a binding and definitive sale agreement, as a means by which the Debtor will continue as a going concern.

11. While the Stalking Horse APA contemplates an asset transaction, the SISP is designed to permit both sale offers and restructuring offers to be made by any person to the Debtor. The Stalking Horse APA creates certainty that a transaction will result from the SISP, but does not prevent a viable proposal from being completed under the BIA.

12. The Debtor will likely be able to make a viable proposal if a Superior Offer is advanced by way of a restructuring bid.

Extension of the Filing Period

13. In order for the Debtor to continue with its financial restructuring and to properly carry out and conduct the SISP, the Debtor requires an extension of the time within which the Debtor may file a proposal (the "**Filing Period**"), pursuant to section 50.4(9) of the BIA, by 45 days up to and including May 13, 2021.

14. The extension of the Filing Period is appropriate as: (i) the Debtor has acted and continues to act in good faith and with due diligence; (ii) the business of the Debtor will likely be able to restructure and emerge as a viable business, if the extension of the Filing Period is granted; and, (iii) the extension of the Filing Period will not materially prejudice any of the Debtor's creditors.

15. Such further and other grounds as counsel for the Debtor may advise and this Honourable Court may permit.

Material or Evidence to be Relied On: The Debtor will rely on the following evidence:

16. The Affidavit of David Messina, sworn on February 3, 2021, filed;

17. The Morgan Affidavit, to be filed;

18. The First Report of the Proposal Trustee, filed;

19. The Second Report, to be filed; and

20. Such further and other evidence as counsel for the Applicants may advise.

Applicable Rules:

21. Rules 6.3(1), 6.9, 6.28, 11.27 of the *Alberta Rules of Court*.
22. Such further and other rules as counsel for the Applicants may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

23. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, section 50.4(9).
24. Such further and other acts and regulations as counsel for the Applicants may advise and this Honourable Court may permit.

Any Irregularity Complained of or Objection Relied On:

25. There are no irregularities complained of, or objections relied on.

How the Application is Proposed to be Heard or Considered:

26. The Applicants propose that the Application be heard by way of WebEx videoconference with one, some, or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicants.

SCHEDULE "A" TO THE APPLICATION WEBEX VIDEOCONFERENCE INSTRUCTIONS

Virtual Courtroom 86 has been assigned for the following matter:

Date: Mar 26, 2021 at 3:30 PM

Style of Cause: B201 703459 - PROPOSAL OF: v. SALT BUSH ENERGY LTD.

Presiding Justice: MAH, J.

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom86>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes** prior to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. **Note: Recording or rebroadcasting of the video is prohibited.**
5. **Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

If you are a non-lawyer attending this hearing remotely, you must complete the undertaking located here: <https://www.albertacourts.ca/qb/resources/announcements/undertaking-and-agreement-for-non-lawyers>

For more information relating to Webex protocols and procedures, please visit: <https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the "Cisco Webex Meetings" App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above.

Please note this email is responsible for Webex information only. If you have questions about procedure or concerns with your matter, please contact the appropriate Court Coordinator or Judicial Assistant for further assistance.

**SCHEDULE "B" TO THE APPLICATION
FORM OF ORDER**

COURT FILE NUMBER 25-2703459
COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *BANKRUPTCY
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3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF
SALT BUSH ENERGY LTD.

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS DOCUMENT
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DATE ON WHICH ORDER WAS PRONOUNCED: March 26, 2021
LOCATION OF HEARING OR TRIAL: Edmonton, Alberta
NAME OF MASTER/JUDGE WHO MADE THIS ORDER: Justice D.R. Mah

UPON THE APPLICATION of Salt Bush Energy Ltd. (the "**Debtor**"), **AND UPON** having read the Affidavit of David Messina, sworn on February 3, 2021 (the "**Messina Affidavit**"), and the Affidavit of Charles Morgan, sworn on March 15, 2021 (the "**Morgan Affidavit**"), filed; **AND UPON** having read the First Report of the Proposal Trustee, dated February 4, 2021 (the "**First Report**"), and the Second Report of the Proposal Trustee, dated March •, 2021 (the "**Second Report**"), all filed; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn • (the "**Service Affidavit**"), filed; **AND UPON** hearing counsel to the Debtor, counsel to the Proposal Trustee, and counsel present for other parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the corresponding Application, the Second Report, and the Morgan Affidavit is abridged to the date parties were served, the Application is properly returnable today, service of the Application, the Second Report, and the Morgan Affidavit on the service list prepared by the Debtor and maintained in these proceedings (the “**Service List**”), in the manner described in the Affidavit of Service, is validated, good, and sufficient, and no other persons are entitled to service of the Morgan Affidavit, the Second Report, or the Application.

FILING EXTENSION

2. The period of time within which the Debtor is required to file a proposal to its creditors, under section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, shall be and is hereby extended up to and including May 13, 2021.

MISCELLANEOUS MATTERS

3. Service of this Order by email, facsimile, registered mail, courier or personal delivery to the persons listed on the Service List shall constitute good and sufficient service of this Order, and no persons other than those listed on the Service List are entitled to be served with a copy of this Order.

Justice of the Court of Queen's Bench of Alberta