

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
AND INSOLVENCY ACT*, R.S.C. 1985, C. B-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

McCARTHY TÉTRAULT LLP
Barristers & Solicitors
Sean Collins / Nathan Stewart
Suite 4000, 421 - 7 Avenue S.W.
Calgary, AB T2P 4K9
Phone: 403-260-3531 / 3534
Fax: 403-260-3501
Email: scollins@mccarthy.ca / nstewart@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: February 12, 2021

LOCATION OF HEARING OR TRIAL: Calgary, Alberta

NAME OF MASTER/JUDGE WHO MADE THIS ORDER: Justice D.B. Nixon

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**"), filed; **AND UPON** having read the First Report of the Proposal Trustee (the "**First Report**"), dated February 4, 2021, filed; **AND UPON** having read the Affidavit of Service of Katie Doran (the "**Service Affidavit**"), to be filed; **AND UPON** hearing counsel to the Debtor, and counsel present for other parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the corresponding Application and the Messina Affidavit is abridged to the date parties were served, the Application is properly returnable today, service of the Application, the Messina Affidavit, and the First Report 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 Messina Affidavit or the Application.

DEFINED TERMS

2. Any and all capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Sale and Investment Solicitation Procedures attached as Exhibit "**C**" to the Messina Affidavit (the "**SISP**").

FILING EXTENSION

3. 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 (the "**BIA**"), shall be and is hereby extended up to and including March 29, 2021.

SISP AND STALKING HORSE APA APPROVAL

4. The Debtor and the Proposal Trustee are hereby authorized and empowered, *nunc pro tunc*, to implement the SISP and to proceed, carry out, and implement any corresponding sales, marketing, or tendering processes, including any and all actions related thereto, substantially in accordance with the proposed SISP, and, furthermore, the Debtor is hereby authorized to enter into any resulting agreement(s) or transaction(s) (collectively, the "**SISP Agreements**") which may arise in connection thereto, as the Debtor and the Proposal Trustee determine are necessary or advisable in connection with or in order to complete any or all of the various steps, as contemplated by the SISP.

5. The Debtor is hereby authorized and empowered to enter into, execute, and deliver the Asset Purchase Agreement, dated February 2, 2021 (the "**Stalking Horse APA**"), between the Debtor, as vendor, and Ironbark Energy Ltd. (the "**Stalking Horse Purchaser**"), as purchaser, as

attached as Exhibit "D" to the Messina Affidavit, *nunc pro tunc*, as part of and in the manner contemplated by the SISP.

6. Nothing herein shall act as authorization or approval of the transfer or vesting of any or all of the Debtor's property, assets, or undertakings under any SISP Agreements, the Stalking Horse APA, or otherwise. Such transfer and vesting shall be dealt with and subject to further Order of this Honourable Court.

INTERIM FINANCING

7. The Debtor is hereby authorized and empowered to obtain and borrow under a credit facility from Whitebark Energy Ltd. (in this capacity, the "Interim Lender") in order to finance the continuation of the Debtor's business and the preservation of the Debtor's property, provided that borrowings under such credit facility shall not exceed \$150,000 unless permitted by further Order of this Court.

8. Such credit facility shall be on the terms and subject to the conditions set forth in the draft term sheet between the Debtor and the Interim Lender (the "Term Sheet"), as attached as Exhibit "E" to the Messina Affidavit.

9. The Debtor is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Debtor is 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 Term Sheet and the Definitive Documents as and when the same may become due and are to be performed, notwithstanding any other provision of this Order.

10. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "Interim Lender's Charge") on the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 17 and 19 hereof.

11. Notwithstanding any other provision of this Order or the BIA:
- (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 Definitive Documents;
 - (b) upon the occurrence of an event of default under any of the Definitive Documents, the Interim Lender may: (i) immediately terminate the Term Sheet and cancel all commitments thereunder, and shall have no obligation to make any further Advances; (ii) declare that all or part of the advances under and pursuant to the Term Sheet, together with accrued interest, and any or all other amounts accrued or outstanding under the Term Sheet be immediately due and payable, whereupon they shall become immediately due and payable; and (iii) upon seeking an order of the Court on five (5) days prior notice, the Interim Lender may enforce, without further notice, demand or delay, all of its rights and remedies against the Debtor and its Property including, without limitation, by way of appointment of a receiver or receiver and manager; 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 Debtor or the Property.
12. The Interim Lender, in such capacity, shall be treated as unaffected in any proposal filed by the Debtor under the BIA, with respect to any advances made under the Definitive Documents.

ADMINISTRATION CHARGE

13. The Proposal Trustee, counsel to the Proposal Trustee, if any, and counsel to the Debtor shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements related to these proceedings), in each case at their standard rates and charges (or pursuant to any alternative or fixed fee agreement between the Debtor and such persons), by the Debtor as part of the cost of these proceedings. The Debtor is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Debtor on a periodic basis and, in addition, the Debtor is hereby authorized *nunc pro tunc* to pay to the Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Debtor retainers to

be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

14. The Proposal Trustee and its legal counsel shall pass their accounts from time to time.

15. The Proposal Trustee, counsel to the Proposal Trustee, if any, and the Debtor's counsel, 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 \$150,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Proposal Trustee and such counsel (or pursuant to any alternative or fixed fee agreement between the Debtor and such persons), 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 17 and 19 hereof.

BREAK FEE CHARGE

16. The Stalking Horse Purchaser, as security for any and all amounts owing under the Break Fee and the Expense Reimbursement (each as defined in the Stalking Horse APA) incurred both before and after the granting of this Order, shall be entitled to the benefits of and is hereby granted a charge (the "**Break Fee Charge**") on the Property, which charge shall not exceed an aggregate amount of \$75,000 as security for the Break Fee and the Expense Reimbursement (each as defined in the Stalking Horse APA). The Break Fee Charge shall have the priority set out in paragraphs 17 and 19 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

17. The priorities of the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$150,000);

Second – Interim Lender's Charge (up to the maximum amount of \$150,000); and,

Third - Break Fee Charge (up to the maximum amount of \$75,000).

18. The filing, registration or perfection of the Administration Charge, the Interim Lender's Charge, or the Break Fee 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.

19. Each of the Administration Charge, the Interim Lender's Charge, and the Break Fee Charge (each as constituted and defined herein) shall constitute a charge on the Property and 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 individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), provided, however, and for further clarity, nothing in this Order shall cause the overriding royalty interest in the Property under the Royalty Agreement (Wizard Lake) made as of August 9, 2019, between Point Loma Resources Ltd. and Source Rock Royalties Ltd. (the "**Source Rock Royalty**"), or right to payment conferred by the Source Rock Royalty, to rank subordinate to the Administration Charge, Interim Lender's Charge, and the Break Fee Charge.

20. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, the Interim Lender's Charge, or the Break Fee Charge unless the Debtor also obtains the prior written consent of the Proposal Trustee, the Interim Lender, and the beneficiaries of the Administration Charge and the Break Fee Charge, or further order of this Court.

21. The Administration Charge, the Term Sheet, the Definitive Documents, the Interim Lender's Charge, and the Break Fee Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, 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 the 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 Debtor, 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 Term Sheet or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicant 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 Debtor entering into the Term Sheet, or the execution, delivery or performance of the Definitive Documents; and
 - (iii) the payments made by the Applicant pursuant to this Order, including the Term sheet or 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.

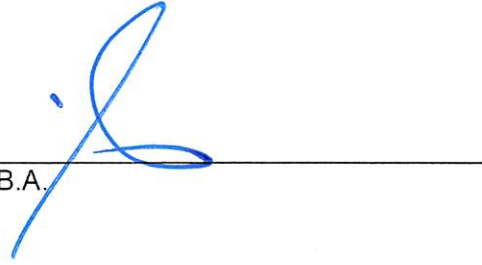
MISCELLANEOUS MATTERS

22. The Debtor and the Proposal Trustee may from time to time apply to this Court to amend, vary, or seek advice, directions, or the approval of any transactions, in connection with the SISF or the discharge of their powers and duties thereunder.

23. 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.

J.C.Q.B.A.

A handwritten signature in blue ink is written over a horizontal black line. The signature is stylized and appears to be the initials 'J.C.Q.B.A.'.