

SALE AND INVESTMENT SOLICITATION PROCEDURES

Preamble

1. These Sale and Investment Solicitation Procedures (the "**SISP**") will be implemented under Division I of Part III of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in the Division I proposal proceedings initiated by Salt Bush Energy Ltd. (the "**Company**") on January 13, 2021 (the "**NOI Proceedings**") under which Deloitte Restructuring Inc. has been appointed as proposal trustee (the "**Proposal Trustee**"). This SISP was approved by an order (the "**Approval Order**") on application by the Company to the Court of Queen's Bench of Alberta (the "**Court**") on February 12, 2021.
2. The Approval Order, *inter alia*, approved this SISP together with the entering into of a purchase and sale agreement (the "**Stalking Horse APA**") between the Company and Ironbark Energy Ltd. (the "**Stalking Horse Purchaser**") pursuant to which the Stalking Horse Purchaser made an offer to purchase substantially all of the assets of the Company (the "**Acquired Assets**").
3. The Approval Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of the shares in or assets of the Company, a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Company, or some combination thereof.

Stalking Horse APA

4. The Stalking Horse APA provides that the purchase price for the acquisition of the Acquired Assets (the "**Purchase Price**") will be paid as follows:
 - (a) by the indefeasible payment, in full and in cash, of all Cure Costs (all as defined in the Stalking Horse APA);
 - (b) by the indefeasible payment, in full and in cash, of all amounts owing under the Administrative Charge (as such term is defined in the order issued by the Court in the NOI Proceedings on February 12, 2020) at the time of closing;
 - (c) by the delivery by the Stalking Horse Purchaser of an irrevocable direction from Whitebark Energy Ltd. to the Company and the Proposal Trustee providing that any dividends or similar distributions that Whitebark Energy Ltd. is entitled to receive in the NOI Proceedings be distributed for the benefit of all of the Company's unsecured creditors other than Whitebark Energy Ltd (the "**Direction**"); and,
 - (d) by the indefeasible payment, in full and in cash, of the amount of \$336,000, net of any cash amounts paid to satisfy the Cure Costs and Administrative Charge.
5. The Company has determined that the total value of the Stalking Horse APA, inclusive of the cash portion of the Purchase Price and the Direction for the benefit of the Company's unsecured creditors, will be approximately \$2,000,000.

6. The purpose of these SISP Procedures is to determine whether a higher and better offer than the Stalking Horse APA may be obtained by the Company in a formal marketing process undertaken in the NOI Proceedings and approved by the Court. For the purposes of these SISP Procedures, a "**Superior Offer**" shall mean:
- (a) a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APA; and
 - (b) that provides for consideration that, in the reasonable business judgment of the Proposal Trustee, is in excess of the value of the consideration payable pursuant to the Stalking Horse APA (being \$2,000,000, as may be amended pursuant to the participation of the Stalking Horse Bidder in the Phase 2 Auction (as defined herein)), **plus** any amounts outstanding under the Break Fee Charge (as defined in the Approval Order, in the maximum amount of \$75,000). For greater certainty, the Proposal Trustee's determination as to whether a Superior Offer has been obtained shall not be made until after the completion of the Phase 2 Auction, in accordance with the terms of these SISP Procedures.

Conduct of SISP Procedures

7. The Proposal Trustee shall conduct the SISP Procedures as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of these SISP Procedures or the responsibilities of any person hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions upon application of the Company, the Proposal Trustee, the Stalking Horse Purchaser or any other interested person.

"As Is, Where Is"

8. Any transaction involving the Company, the shares of the Company or the assets of the Company, 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 Company, the Proposal Trustee, or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement with the person who is a counterparty to such a transaction.

Free of Any and All Claims and Interests

9. All of the right, title and interest of the Company in and to any assets sold or transferred within the NOI Proceedings will, at the time of such sale or transfer, be sold or transferred free and clear of any security, charge or other restriction (collectively, the "**Claims and Interests**") pursuant to approval and vesting orders made by the Court under section 65.13(7) of the BIA except for any security, charge or other restriction expressly contemplated in the Stalking Horse APA or a Superior Offer, as the case may be.

SISP Commencement

10. The Proposal Trustee will commence the SISP Procedures on February 15, 2021 (the "**SISP Commencement Date**") by preparing, in consultation with the Company, a list of potential bidders (the "**Known Potential Bidders**"). Such list will include both strategic and financial parties who, in the reasonable business judgment of the Proposal Trustee and the Company, may be interested in and have the financial capacity to make a Superior Offer.
11. The Proposal Trustee will give notice of these SISP Procedures to Known Potential Bidders (including the Participation Requirements as specified below) shortly after the SISP Commencement Date. In addition, the Proposal Trustee intends to give notice regarding these SISP Procedures in the Globe and Mail, National Edition; the BOE Report; and, the Daily Oil Bulletin.

Participation Requirements

12. Unless otherwise ordered by the Court, any person (including any Known Potential Bidder) who wishes to participate in this SISP must deliver the following to the Proposal Trustee:
 - (a) an executed form of confidentiality agreement that is satisfactory to the Company and the Proposal Trustee, acting reasonably, and which shall enure to the benefit of any person who completes a transaction with the Company (each a "**Confidentiality Agreement**"); and
 - (b) a specific indication of the anticipated sources of capital and / or credit for such person and satisfactory evidence of the availability of such capital and / or credit so as to demonstrate that such person has the financial capacity to complete a transaction pursuant to a Superior Offer.
13. If, in the opinion of the Proposal Trustee, a person has complied with each of the requirements described in section 12 of these SISP Procedures, such person shall be deemed a "**Potential Bidder**" hereunder.
14. The Company will provide each Potential Bidder with access to an electronic data room containing due diligence materials and financial, tax and other information relating to the shares, the assets, the property and the business of the Company as soon as practicable after the determination that such person is a Potential Bidder.
15. The Proposal Trustee is not responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder. The Proposal Trustee and its advisors do not make any representations or warranties whatsoever as to the information or the materials provided.

Phase 1 Bid Deadline

16. A Potential Bidder will be deemed a "**Qualified Bidder**" if such Potential Bidder submits an offer to the Proposal Trustee to acquire the assets of or shares in the Company, or a refinancing, recapitalization, joint-venture, merger or other business transaction involving the Company or some combination thereof (a "**Qualified Bid**") on or before 5:00 pm

(Calgary Time time) on April 16, 2021 (the "**Phase 1 Bid Deadline**"). Subject to section 17 of these SISP Procedures, an offer will only qualify as a Qualified Bid in the event that it contains, meets or includes all of the following:

- (a) it is submitted in writing and is received on or before the Phase 1 Bid Deadline;
- (b) the Qualified Bidder and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the Qualified Bidder's chief officer or other appropriate senior executive's approval of the contemplated transaction must be submitted with the offer;
- (c) it fully discloses the identity of each person that is bidding or otherwise that will be sponsoring or participating in the Qualified Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals and the full and complete terms of any such participation;
- (d) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a certified cheque or wire transfer (to a trust account specified by the Proposal Trustee), payable to the Proposal Trustee in trust, in an amount equal to ten percent (10%) of the cash consideration to be paid pursuant to the Qualified Bid, to be held and dealt with in accordance with these SISP Procedures;
- (e) it is irrevocably open for acceptance by the Company until five (5) Business Days after the Phase 2 Auction (as defined herein), or later;
- (f) it does not contain any provisions for a break fee or expense reimbursement;
- (g) it provides for consideration that, in the reasonable business judgment of the Proposal Trustee, is equal to or in excess of the value of the consideration payable pursuant to the Stalking Horse APA (being \$2,000,000, as may be amended pursuant to the participation of the Stalking Horse Bidder in the Phase 2 Auction (as defined herein)), **plus** any amounts outstanding under the Break Fee Charge (as defined in the Approval Order, in the maximum amount of \$75,000). For greater certainty, a Qualified Bid must:
 - i) provide for cash consideration and may not include a direction in the nature of the Direction, as part of the consideration under such Qualified Bid; and,
 - ii) provide for the repayment by the Company, in full and in cash, of any amounts owing under the Interim Financing Charge approved pursuant to the Approval Order (in the maximum amount of \$150,000).
- (h) it includes either:
 - i) a fully binding and definitive agreement, duly authorized and executed, 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 Company following completion of the proposed transaction (a "**Definitive Restructuring Agreement**"); or,

- ii) a fully binding and definitive agreement, duly authorized and executed purchase and sale agreement, together with all exhibits and schedules thereto, and such ancillary agreements as may be required with all exhibits and schedules thereto (a "**Definitive Asset Stalking Horse APA**"); or,
 - iii) some combination of a Definitive Restructuring Agreement and a Definitive Asset Stalking Horse APA, provided that such agreement is a fully binding definitive agreement that is duly authorized and executed (a "**Definitive Hybrid Agreement**");
- (i) it is accompanied by a cover letter which includes a summary of:
- i) the structure and financing of the transaction (including, but not limited to, the sources of financing and evidence of the availability of such financing);
 - ii) 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;
 - iii) any additional due diligence required or desired to be conducted prior to the Phase 2 Auction (as defined hereinafter), if any;
 - iv) any conditions to closing that the Qualified Bidder may wish to impose; and;
 - v) any other terms or conditions of the transaction which the Qualified Bidder believes are material to the transaction;
- (j) it provides for the completion of the transactions contemplated therein on or before Monday, May 17, 2021 (the "**Completion Date**");
- (k) such other information reasonably requested by the Proposal Trustee.
17. The Proposal Trustee, acting reasonably, may waive non-compliance with any one or more of the requirements specified in paragraph 16 of these SISP Procedures and deem any non-compliant bid to be a Qualified Bid.
18. If a Qualified Bid is received, these SISP Procedures shall proceed to the next phase for the purpose of attempting to obtain a Superior Offer. If there are no Qualified Bids submitted:
- (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) Business Days of the termination of these SISP Procedures, file an application with the Court seeking approval, after notice and hearings, to implement the Stalking Horse APA.

Phase 2 Auction

19. If the Proposal Trustee receives one or more Qualified Bids by the Phase 1 Bid Deadline, the Proposal Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Calgary time) on the third (3rd) Business Day after the Phase 1 Bid Deadline to all Qualified Bidders, and the Stalking Horse Purchaser, to attend an auction (the "**Phase 2 Auction**"). 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, as the Proposal Trustee may in its sole discretion designate, at the offices of the Proposal Trustee or virtually by videoconference facility established by the Proposal Trustee.
20. The Proposal Trustee shall conduct the Phase 2 Auction. At the Phase 2 Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Proposal Trustee may determine in its sole discretion to facilitate the Phase 2 Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration (but, for clarity, with respect to the Stalking Horse Bid the requirement for cash consideration shall apply only to the amounts tendered in excess of the highest Qualified Bid). The format and procedure of the Phase 2 Auction shall be determined by the Proposal Trustee in its sole discretion.
21. The Proposal Trustee shall assess the conduct of the Phase 2 Auction, the total financial and contractual terms of the Qualified Bids (inclusive of the Incremental Amounts bid at the Phase 2 Auction, if any), and various factors relevant to the speed and certainty of completing the sale of the Acquired Assets, to determine whether any Qualified Bid comprises a Superior Offer. The Proposal Trustee shall determine whether a Superior Offer has been made as promptly as practicable but no later than one (1) Business Day after the Phase 2 Auction (the "**Bid Assessment Deadline**").
22. In the event that the Proposal Trustee determines that one or more Qualified Bids constitutes a Superior Offer, the Proposal Trustee shall (to the extent that there is more than one Superior Offer) select the highest or best Superior Offer and shall file an application to the Court to approve such Superior Offer within three (3) Business Days of the Bid Assessment Deadline. The Company shall thereafter complete the transactions contemplated by such selected Superior Offer in accordance with the terms thereof and any order issued by the Court.
23. If the Proposal Trustee determines that no Qualified Bid constitutes a Superior Offer:
 - (a) these SISP Procedures shall terminate; and
 - (b) the Company shall, within three (3) Business Days of the Bid Assessment Deadline, file an application with the Court seeking approval by the Court, after notice and hearings, to implement the Stalking Horse APA.

Deposits

24. All Deposits shall be retained by the Proposal Trustee and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Qualified Bid that constitutes a Superior Offer, the Deposit (plus accrued interest) paid by the person

making such Qualified Bid shall be applied to the consideration to be paid by such Person upon closing of the transaction constituting the Qualified Bid.

25. The Deposit(s) (plus applicable interest) of all persons not making the Qualified Bid that constitutes a Superior Offer shall be returned to such persons within five (5) Business Days of the earlier of the date that: (a) the Court approves a Superior Offer; or (b) the Court approves the Stalking Horse APA.
26. If the Person making a Qualified Bid selected as a Superior Offer breaches or defaults on its obligation to close the transaction in respect of such Qualified Bid it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Company; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Company has in respect of such breach or default.

Notice

27. The addresses used for delivering documents as prescribed by the terms and conditions of these SISP Procedures are set out in Schedule "A" hereto. All notices, inquiries, and other communications in connection with these SISP Procedures should be delivered to the Proposal Trustee, and not to the Company, except as may otherwise be directed by the Proposal Trustee. A bid and all associated documentation shall be delivered to the Proposal Trustee by electronic mail, personal delivery or courier. Persons requesting information about these SISP Procedures should contact the Proposal Trustee at the contact information contained in Schedule "A".

No Amendment

28. There shall be no amendments to these SISP Procedures, including, for greater certainty the SISP Procedures set out herein, unless otherwise ordered by the Court upon application and appropriate notice.

Break Fee

29. For greater certainty, notwithstanding any other provision contained herein, the Break Fee (as defined in the Stalking Horse APA) in the amount of \$50,000 shall be payable to the Stalking Horse Purchaser in the event that a Superior Offer is selected as a result of these SISP Procedures, pursuant to the terms of the Stalking Horse APA.

Further Orders

30. At any time during these SISP Procedures, the Proposal Trustee, the Company or the Stalking Horse Purchaser may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

Schedule "A"

Address for Notices and Deliveries

To the Proposal Trustee:

Deloitte Restructuring Inc.
700, 850 - 2 Street S.W.
Calgary AB T2P 0R8
Canada

Attention: Bob Taylor / Naomi McGregor
Email: bobtaylor@deloitte.ca / naomcgregor@deloitte.ca

ALL INQUIRIES, NOTICES AND OTHER COMMUNICATIONS IN CONNECTION WITH THESE SISF PROCEDURES SHOULD BE DELIVERED SOLELY TO THE ATTENTION OF THE PROPOSAL TRUSTEE, AND NOT TO THE COMPANY, EXCEPT AS MAY OTHERWISE BE DIRECTED BY THE PROPOSAL TRUSTEE