

COURT FILE NUMBER 2101-06512
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 IN BANKRUPTCY AND INSOLVENCY
 JUDICIAL CENTRE CALGARY



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

AND IN THE MATTER OF A PLAN OF
 COMPROMISE OR ARRANGEMENT OF
 SALT BUSH ENERGY LTD. AND 2345141
 ALBERTA LTD.

DOCUMENT

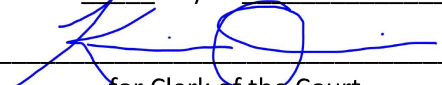
CCAA INITIAL ORDER

I hereby certify this to be a true copy of
 the original ORDER

ADDRESS FOR SERVICE
 AND CONTACT
 INFORMATION OF PARTY
 FILING THIS DOCUMENT

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Dated this 21st day of May, 2021


 for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:**May 19, 2021****LOCATION OF HEARING OR TRIAL:****Calgary, Alberta****NAME OF JUDGE WHO MADE THIS ORDER:****Justice K.M. Eidsvik**

UPON THE APPLICATION of Salt Bush Energy Ltd. (the "**Debtor**") and 2345141 Alberta Ltd. ("**ResidualCo**", the Debtor and ResidualCo are collectively referred to as, the "**Applicants**"), **AND UPON** having read the Application, dated May 10, 2021 and the Second Affidavit of Charles Morgan (the "**Second Morgan Affidavit**"), sworn on May 10, 2021, all filed; **AND UPON** reading the consent of Deloitte Restructuring Inc. to act as monitor (the "**Monitor**", when referred to in such capacity); **AND UPON** having read the Third Report of Deloitte Restructuring Inc., in its capacity as Proposal Trustee of the Debtor, dated May 10, 2021 (the "**Third Report**"), filed; **AND UPON** being advised that the secured creditors who are likely to be affected by the charges continued herein have been provided notice of this application; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn May 13, 2021 (the "**Affidavit of Service**"), filed; **AND**

UPON hearing counsel to the Applicants, counsel to the Monitor, and counsel present for other parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

APPLICATION

2. The Applicants are companies to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies.

CONTINUANCE UNDER THE CCAA

3. The proposal proceedings commenced by the Debtor under Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) on January 13, 2021, under Court File Number 25-2703459 (the “**NOI Proceedings**”), are hereby taken up and continued under the CCAA and the NOI Proceedings shall have no further force or effect, save that any and all acts, steps, agreements and procedures validly taken, done or entered into by the Debtor during the NOI Proceedings shall remain valid, binding and actionable within these proceedings. For certainty, approval of the Monitor’s and its counsel’s fees and disbursements in this proceeding shall be deemed approval of the Proposal Trustee’s and its counsel’s fees and disbursements in the NOI Proceedings. The Applicants are hereby directed and authorized to file this Order in the NOI Proceedings forthwith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

4. Until and including May 29, 2021, or such later date as the 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.

NO EXERCISE OF RIGHTS OR REMEDIES

5. 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.

6. Nothing in this Order shall prevent any party from taking an action against 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 at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

7. 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, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

8. 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 and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicant

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 their premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the NOI 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

9. 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 NOI Filing Date, nor shall any person, other than the Interim Lender where applicable, be under any obligation on or after the NOI Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

10. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 6 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof 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

11. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants 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.

APPOINTMENT OF MONITOR

12. Deloitte Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their 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.

13. 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.

14. 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.

15. 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 and the NOI 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 monthly basis.

16. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, including during the NOI Proceedings and future bankruptcy proceedings of ResidualCo, shall continue to be entitled to the benefits of the Administration Charge granted pursuant to the Order granted by the Honourable Justice D.B. Nixon on February 12, 2021 (the "**February 12 Order**") in the NOI Proceedings (the "**Administration Charge**"), 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 Monitor and such counsel, both before and after the making of this Order in respect of these proceedings, including during the NOI Proceedings and future bankruptcy proceedings of ResidualCo. The Administration Charge is hereby amended to also extend to the Property of ResidualCo, on the same terms as such Administration Charge applies to the Property of the Debtor, *mutatis mutandis*. For greater certainty, the Administration Charge shall also constitute a charge on the Property of ResidualCo and shall have the same priority with respect to the Property of ResidualCo as such Administration Charge currently has with respect to the Property of the Debtor. For further certainty, the Administration Charge shall secure the professional fees and disbursements of Deloitte Restructuring Inc. (and its counsel) incurred in

its roles as Proposal Trustee of the Debtor, Monitor of the Debtor and ResidualCo, and Bankruptcy Trustee of ResidualCo. The Administration Charge shall have the priority set out in paragraphs 21 and 23 hereof.

INTERIM FINANCING

17. Whitebark Energy Ltd. (the “**Interim Lender**”) shall continue to have the benefit of the Interim Lender’s Charge granted pursuant to the February 12 Order in the NOI Proceedings (the “**Interim Lender’s Charge**”). For greater certainty, the Interim Lender’s Charge shall not secure an obligation that exists before the NOI Filing Date, and shall extend to the Property of ResidualCo. The Interim Lender’s Charge shall have the priority set out in paragraphs 21 and 23 hereof.

18. The provisions of the February 12 Order applicable to the Interim Lender’s Charge within the NOI Proceedings shall apply *mutatis mutandis* to the Interim Lender’s Charge in the within proceedings.

19. For greater certainty, the Debtor is hereby authorized and empowered, *nunc pro tunc*, 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 in the draft term sheet between the Debtor and the Interim Lender between the Debtor and the Interim Lender (the “**Term Sheet**”), as attached as Exhibit “**E**” to the Affidavit of David Messina, sworn on February 3, 2021, within the NOI Proceedings, 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 become due and are to be performed, notwithstanding any other provision of this Order.

BREAK FEE CHARGE

20. Ironbark Energy Ltd. shall continue to have the benefit of the Break Fee Charge granted pursuant to the February 12 Order in the NOI Proceedings. For greater certainty, the Break Fee Charge shall not extend to the Property of ResidualCo. The Break Fee Charge shall have the priority set out in paragraphs 21 and 23 hereof.

VALIDITY AND PRIORITY OF CHARGES

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

- (a) **First** - Administration Charge (up to the maximum amount of \$150,000);
- (b) **Second** - Interim Lender's Charge (up to the maximum amount of \$150,000);
- (c) **Third** - Break Fee Charge (up to the maximum amount of \$75,000).

22. 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.

23. Each of the Administration Charge, the Interim Lender's Charge and the Break Fee Charge (all as constituted and defined herein) shall constitute a charge on the applicable 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, 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, 20219, 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, the Interim Lender's Charge or the Break Fee Charge.

24. 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, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the Interim Lender, Ironbark Energy Ltd., and the beneficiaries of the Administration Charge, or further order of this Court.

25. The Administration Charge, the Term Sheet, the Definitive Documents, the Break Fee Charge, and the Interim Lender's 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 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, or either of them, 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 Commitment Letter or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants, or either them, of any Agreement to which the Applicants, or either of them, are 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 Commitment Letter, or the execution, delivery or performance of the Definitive Documents; and
 - (iii) the payments made by the Applicants pursuant to this Order, including the Commitment Letter 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.

ALLOCATION

26. 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 Interim Lender's Charge and the Break Fee Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

27. The Monitor shall within ten (10) days after the date of this Order (A) make this Order publicly available in substantially the manner prescribed under the CCAA, (B) send, in substantially the prescribed manner, a notice to every known creditor who has a claim against the Applicants, or either of them, 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)(ii) of the CCAA and the regulations made thereunder; provided, however, that notwithstanding anything to the contrary in section 23(1)(a)(ii) of the CCAA and notwithstanding any other term of this Order, the Monitor is hereby authorized and directed to serve such notices and attend to such matters as required pursuant to section 23(1)(a)(ii) of the CCAA at the same time and in the same manner that the Monitor, in its capacity as the ResidualCo Trustee (as such term is defined in the Reverse Vesting Order applied for and granted contemporaneously with this Order), provides notice to the creditors of ResidualCo in accordance with its duties and obligations under the BIA. For greater certainty, without limiting the generality of the foregoing, the Monitor and the ResidualCo Trustee (as such term is defined in the Reverse Vesting Order applied for and granted contemporaneously with this Order) shall not be required to deliver separate notices to the aforementioned creditors in respect of the within proceedings and the ResidualCo Bankruptcy Proceedings (as such term is defined in the Reverse Vesting Order applied for and granted contemporaneously with this Order) and the Monitor and the ResidualCo Trustee (as such term is defined in the Reverse Vesting Order applied for and granted contemporaneously with this Order) are hereby authorized to deliver a joint notice package to each such creditor.

28. The Monitor's obligation to perform the duties and functions under section 23(1)(a)(i) of the CCAA is hereby dispensed with.

29. The Applicant and the Monitor shall be 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, facsimile transmission or e-mail to the Applicant's creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail 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. The Monitor shall establish and maintain a website in respect of these proceedings at "<https://www.insolvencies.deloitte.ca/en-ca/Pages/Salt-Bush-Energy-Ltd.aspx?>" and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

GENERAL

30. 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.

31. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, 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.

32. Each of the Applicants and the Monitor are at liberty and are 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.

33. 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.

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



Justice of the Court of Queen's Bench of Alberta