



CLERK OF THE COURT
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AUG 13 2015
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1501-09213
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF COMPUTERSHARE TRUST COMPANY OF CANADA IN ITS
CAPACITY AS COLLATERAL AGENT FOR GUGGENHEIM
CORPORATE FUNDING, LLC
DEFENDENT SEKUR ENERGY MANAGEMENT CORP.
DOCUMENT PRE-FILING REPORT OF THE PROPOSED RECEIVER AND
MANAGER DELOITTE RESTRUCTURING INC.
DATED AUGUST 7, 2015

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

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Proposed Receiver

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Introduction, Notice to Reader and Qualifications

Introduction

1. Deloitte Restructuring Inc. ("Deloitte" or the "Proposed Receiver") is advised that on August 12, 2015 Computershare Trust Company of Canada (the "Collateral Agent") in its capacity as collateral agent for Guggenheim Corporate Funding, LLC ("Guggenheim") will be making an application (the "August 12 Hearing") to the Court of Queen's Bench of Alberta (the "Court") for an Order (the "Receivership Order") appointing Deloitte as Receiver and Manager (the "Receiver") of Sekur Energy Management Corp. ("Sekur" or the "Company"). The Collateral Agent holds registered security over all of Sekur's present and after acquired personal property for, and on behalf of, a syndicate of lenders for whom Guggenheim is the administrative agent. We are advised that the Company is consenting to the Receivership Order.
2. Sekur is a private junior oil and gas company, which was incorporated pursuant to the laws of Canada and extra-provincially registered in Alberta in 2012. The Company holds petroleum and natural gas properties (the "PNG Properties") throughout Central Alberta, which include 150,395 gross acres of land. The PNG Properties are currently producing 432 barrels of oil equivalent per day ("BOE'd").
3. The purpose of this pre-filing report (the "Report") is to provide this Honourable Court with information regarding the following:
 - 3.1. Deloitte's qualifications to act as Receiver (if appointed);
 - 3.2. The sale process (the "Sale Process") that was undertaken by NRG Divestitures Inc. ("NRG") to divest of the PNG Properties under the supervision of Deloitte LLP as financial advisor to Sekur; and
 - 3.3. The proposed sales of selected PNG Properties to Signalta Resources Limited ("Signalta"), Twin Butte Energy Ltd. ("Twin Butte") and Head First Energy Inc. ("Head First"), as further described herein (collectively the "Proposed Sales").
4. Should the Receivership Order be granted, Deloitte intends to immediately make an application for Sale Approval and Vesting Orders in respect of each of the Proposed Sales.

5. The Receiver is advised that the management of Sekur ("Management") will provide the Court with a Confidential Affidavit (the "Confidential Affidavit") in advance of the August 12 Hearing. The Confidential Affidavit will include details regarding the Proposed Sales and will attach as Exhibits each of the purchase and sale agreements (the "PSA(s)") to be executed in respect of the Proposed Sales. The Proposed Receiver, if appointed, will be making an application to have the Confidential Affidavit sealed by the Court in order to avoid tainting any future sale process that may be required should any of the Proposed Sales fail to complete.

Notice to Reader

6. In preparing this report, the Proposed Receiver has relied on unaudited financial information, the books and records of Sekur and discussions with Management, interested parties and stakeholders. The Proposed Receiver has not performed an independent review or audit of the information provided.
7. The Proposed Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.

Deloitte's Qualification to Act as Proposed Receiver

8. On June 2, 2015, Sekur retained Deloitte LLP as a financial advisor to oversee the Sale Process. As a result of the prior consulting services provided by Deloitte LLP, the Proposed Receiver has background knowledge in respect of the PNG Properties as well as Sekur's operations and current financial difficulties.
9. Deloitte is related to Deloitte LLP, which is an independent international professional services firm that provides insolvency and restructuring services. Deloitte is a Trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act (Canada)*. The Deloitte engagement team includes senior professionals who are Chartered Professional Accountants and/or Chartered Insolvency and Restructuring Professionals and Licensed Trustees in Bankruptcy (Canada).
10. Deloitte has consented to act as Receiver and Manager of the Applicants should this Honourable Court grant the Receivership Order and see fit to appoint Deloitte.

Sale Process

11. Sekur retained NRG in May 2015 to complete the Sale Process, which included the identification of potential alternatives for its PNG Properties including a corporate transaction, a group disposition or individual asset sales. Pursuant to the Sale Process, the PNG Properties were offered for sale on an "as is where is" basis and were divided into the following three packages:
 - 11.1. Southern Alberta – included 125,824 gross acres of land with both operated and non-operated wells with total average production of 402.5 BOE'd (the "Southern Alberta Package");
 - 11.2. Edmonton – included 15,522 gross acres of land with both operated and non-operated wells with total average production of 25.2 BOE'd; and
 - 11.3. Minors – included 9,049 gross acres of land with both operated and non-operated wells with total average production of 4.4 BOE'd.
12. NRG produced a marketing brochure (the "Brochure") that contained an overview of the PNG Properties. A copy of the Brochure is attached as "Schedule 1". The Brochure was posted to NRG's website, which has over 1,200 visitors a week. NRG also emailed the Brochure to 1,500 contacts and followed up with targeted phone calls and emails to key operators in the areas surrounding the PNG Properties. NRG further produced a quarter-page advertisement regarding the Sale Process that appeared in the Daily Oil Bulletin (the "DOB") on June 18 and June 24, 2015. The Proposed Receiver is advised that the DOB's distribution list includes the majority of upstream oil and gas companies in Western Canada.
13. Of those who received the Brochure, 25 interested parties signed confidentiality agreements (the "CA(s)") and were given access to a web-based data room (the "Data Room"). The Data Room included information such as financial statements, license liability rating reports, Alberta Energy Regulator (the "AER") notices, engineering reports, marketing agreements, land agreements, land and well schedules, facilities and pipeline schedules, processing and transportation agreements, lease operating statements, outstanding approvals for expenditures, seismic data, maps and base maps and upside details. The Data Room also include detailed sale procedures (the "Sale Procedures"). A copy of the Sale Procedures, excluding schedules, is attached as "Schedule 2".
14. The deadline for binding offers was scheduled for July 8, 2015 (the "Bid Deadline"). In total NRG received 15 offers to purchase the PNG Properties (the "Offers") from 12 interested parties (the "Bidders") with some of these offers being received following the Bid Deadline. Specific information regarding the Offers, including the offered purchase prices, is included in the Confidential Affidavit.

15. The Proposed Receiver has reviewed the Offers and has been assisting Sekur in its negotiations with Bidders. Based on these negotiations, the Proposed Receiver has agreed to execute PSAs with Signalta, Twin Butte and Head First, which will be subject to Court approval. Copies of the PSAs executed with each of Signalta, Twin Butte and Head First are attached to the Confidential Affidavit (respectively the "Signalta PSA", the "Twin Butte PSA" and the "Head First PSA").
16. The Receiver reports as follows with respect to the transaction contemplated in Signalta PSA (the "Signalta Transaction"):
 - 16.1. Signalta complied with the terms and conditions of the Sale Process;
 - 16.2. The Signalta Transaction includes PNG Properties in the Three Hills area of Alberta, which were included in the Southern Alberta Package;
 - 16.3. Signalta has paid a deposit in the amount of 10% of the offered purchase price into trust with the Proposed Receiver;
 - 16.4. Signalta and the Proposed Receiver have agreed to the form of the Signalta PSA. The Signalta PSA has been executed by Signalta and will be executed by the Receiver in the event that the Receivership Order is granted;
 - 16.5. The closing date is set to occur two days following Court approval of the Signalta Transaction; and
 - 16.6. The Proposed Receiver has reviewed the Signalta Transaction with Deloitte's Resource Evaluation & Advisory group and is satisfied that the Sale Process adequately exposed the PNG Properties included in the Signalta Transaction to the market and that the Signalta Transaction is commercially reasonable.
17. The Proposed Receiver reports as follows with respect to the transaction contemplated in Twin Butte PSA (the "Twin Butte Transaction"):
 - 17.1. Twin Butte complied with the terms and conditions of the Sale Process;
 - 17.2. The Twin Butte Transaction includes PNG Properties in the Provost area of Alberta, which were included in the Southern Alberta Package;
 - 17.3. Twin Butte has paid a deposit in the amount of 10% of the offered purchase price into trust with the Proposed Receiver;
 - 17.4. Twin Butte and the Proposed Receiver have agreed to the form of the Twin Butte PSA. The Twin Butte PSA has been executed by Twin Butte and will be executed by the Receiver in the event that the Receivership Order is granted;
 - 17.5. The closing date is set to occur two days following Court approval of the Twin Butte Transaction; and

- 17.6. The Proposed Receiver has reviewed the Twin Butte Transaction with Deloitte's Resource Evaluation & Advisory group and is satisfied that the Sale Process adequately exposed the PNG Properties included in the Twin Butte Transaction to the market and that the Twin Butte Transaction is commercially reasonable.
18. The Receiver reports as follows with respect to the transaction contemplated in the Head First PSA (the "Head First Transaction"):
 - 18.1. Head First complied with the terms and conditions of the Sale Process;
 - 18.2. The Head First Transaction included royalties interests held by Sekur;
 - 18.3. Head First has paid a deposit in the amount of 10% of the offered purchase price into trust with the Proposed Receiver;
 - 18.4. Head First and the Proposed Receiver have agreed to the form of the Head First PSA. It is anticipated that the Head First PSA will be executed by Head First prior to the August 12 Hearing and will be executed by the Receiver in the event that the Receivership Order is granted;
 - 18.5. The closing date is set to occur two days following Court approval of the Head First Transaction; and
 - 18.6. The Proposed Receiver has reviewed the Head First Transaction with Deloitte's Resource Evaluation & Advisory group and is satisfied that the Sale Process adequately exposed the PNG Properties included in the Head First Transaction to the market and that the Head First Transaction is commercially reasonable.
19. The Proposed Receiver has been advised by Management that Sekur has continued to pay its trade creditors in the ordinary course of business so the Proposed Receiver is not aware of any prejudice to any parties as a result of the Sale Process, which was undertaken prior to the commencement of these proceedings.
20. The Proposed Receiver has been advised by Management that the license liability rating assigned to Sekur by the AER will be greater than 1:1 following completion of the Signalta Transaction, the Twin Butte Transaction and the Head First Transaction. As such, no additional deposit will be payable to the AER from Sekur pursuant to the AER's license liability rating program following the Proposed Sales being completed.
21. Going forward, if appointed, the Proposed Receiver will comply with all required duties and obligations, including taking possession of the Company's assets and continuing Sekur's operations pending the disposition of the remaining PNG Properties. The Proposed Receiver anticipates that it will bring further applications before this Honourable Court to seek approval of further sales of the PNG Properties and will liaise with the AER in that regard.

Conclusion

22. This Report has been prepared to provide this Honourable Court with information regarding Deloitte's qualification to act as Receiver, the Sale Process and the Proposed Sales and in support of an application by the Receiver, once appointed, to approve the Proposed Sales and to have the Confidential Affidavit sealed.

DELOITTE RESTRUCTURING INC.,
in its capacity as proposed Receiver and
Manager of Sekur Energy Management Corp.
and not in its personal or corporate capacity



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

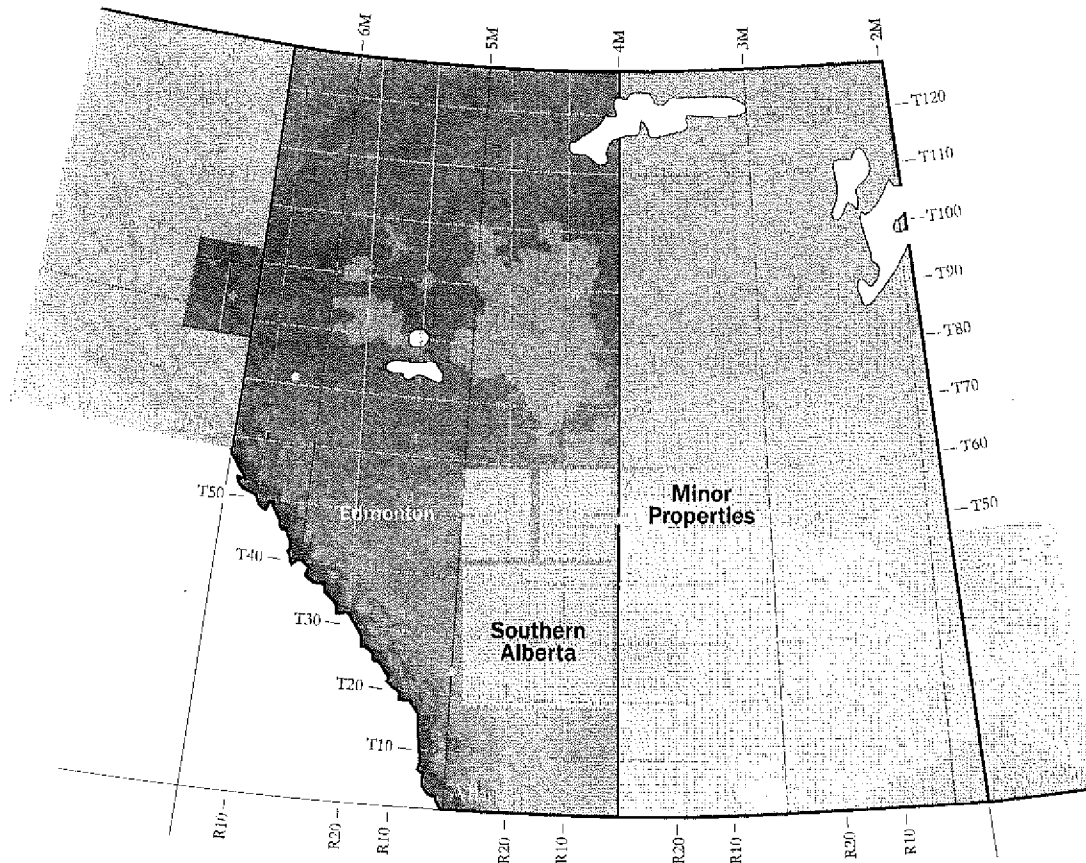
Divestitures Inc.

A New Vision of Property and Corporate Acquisitions and Divestitures



Sekur Energy Management Corp.

Corporate and/or Asset Sale



Average Daily Production 432 boe/d

Bid Deadline: July 8, 2015



NRG Divestitures Inc.

A Law Vision of Property and Corporate Acquisitions and Divestitures

Timing:

Review of Documents

June 9, 2015 to July 8, 2015

Bid Deadline:

July 8, 2015 12:00 p.m. MDT

Effective Date:

August 1, 2015

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Mr. Robbie Willmann, Vice-President Marketing, B.Sc., Geol.I.T. Geologist

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Disclaimer

The marketing materials presented herein, reflect what is thought to be the current and accurate data, provided by the vendor. In the event that an inaccuracy is found, Sekur Energy Management Corp. or NRG Divestitures Inc. may not be held liable. Included in the marketing materials are statements based on interpretation and judgement. Anyone reviewing the marketing materials is encouraged to conduct their own investigations into the subject assets, in order to come to their own interpretations and conclusions, before proceeding. Sekur Energy Management Corp. reserves the right at its sole discretion to accept or reject any or all offers, and may amend the offering at any time.

Executive Summary

Sekur Energy Management Corp., (Sekur) has engaged NRG Divestitures to assist in identifying potential alternatives for its oil & gas production: a corporate transaction, grouping disposition or individual asset sale(s). All offers will be considered and all transactions will be on an "as-is-where-is" basis.

Sekur has lands totalling 150,395 gross acres throughout Central Alberta. The lands have been grouped into three packages - Southern Alberta, Edmonton, and Minors. The properties have a combined average working interest of 30%, with petroleum and natural gas rights predominately in the Cretaceous.

The properties are currently producing a combined 432 BOE/D, with proved and probable reserves of 1,065 MBOE and a net present value (discounted at 10%) of \$12 million. The properties are cash flowing a combined \$1.8 million per annum.

TOTALS

Total Wells		Total Lands			
Operated	Non Operated	GORR	Gross Area (acres)	Average W.I.%	Rights
159	536	143	150,395	30	Cretaceous, some Devonian

TOTAL RESERVES AND NET PRESENT VALUE - MECHANICALLY UPDATED TO DECEMBER 31, 2014 (Sproule Report YE, 2013)

Property Reserves	Company Interest Reserves Before Royalties BOE (Mboe)	NPV, \$000's Before Taxes 10%
Total Proved	707	6,521
Total Proved Plus Probable	1,064	12,053

Note: Reserves and NPV are working interest before royalties
NPV are calculated before taxes

OVERVIEW

TOTAL LAND PLAT

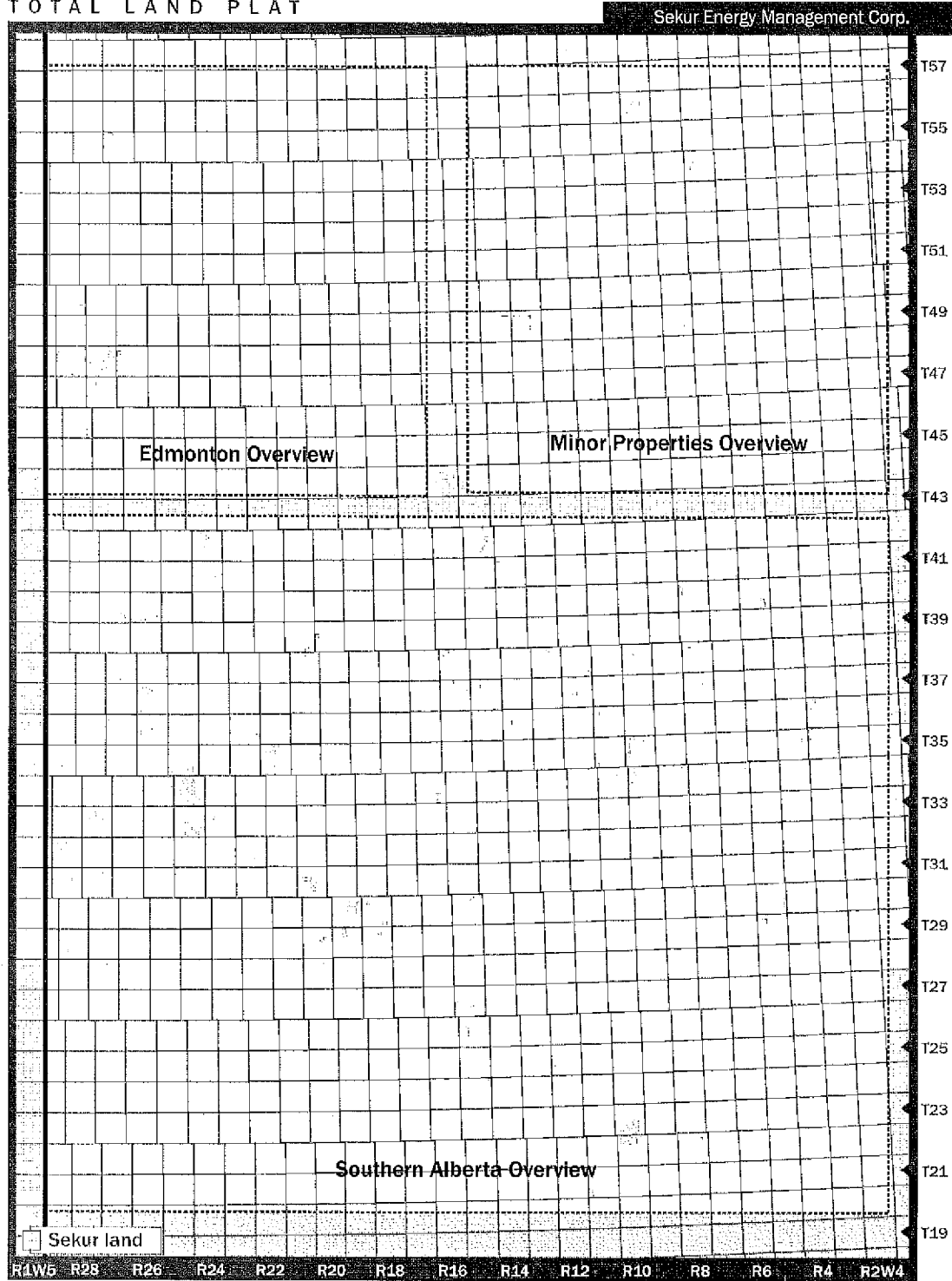




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Southern Alberta Overview 1

Edmonton Overview 2

Minor Properties Overview 3



SOUTHERN ALBERTA

HIGHLIGHTS

- ✓ Land position: 125,824 gross acres (34,474 net acres).
- ✓ Some operated infrastructure and potential Viking upside.
- ✓ Stable oil and natural gas production with minimal decline.
- ✓ Upside potential at Veteran, with short-term re-activation and maintenance potential that can increase production to 11.0 BOPD.

PROPERTY NET REVENUE SUMMARY
For the 12 Months Ending December 31, 2014

Gross Production

Oil Production (Bbl)	37,825
Gas Production (mcf)	570,635
NGL Production (Bbl)	3,567
Total Production (BOE)	136,498

Net Revenue Summary

Revenue (\$)	6,752,077
Royalty Income (\$)	103,983
Royalty Expense (\$)	852,014
Operating Costs (\$)	4,236,118
Net Operating Income (\$)	1,767,928

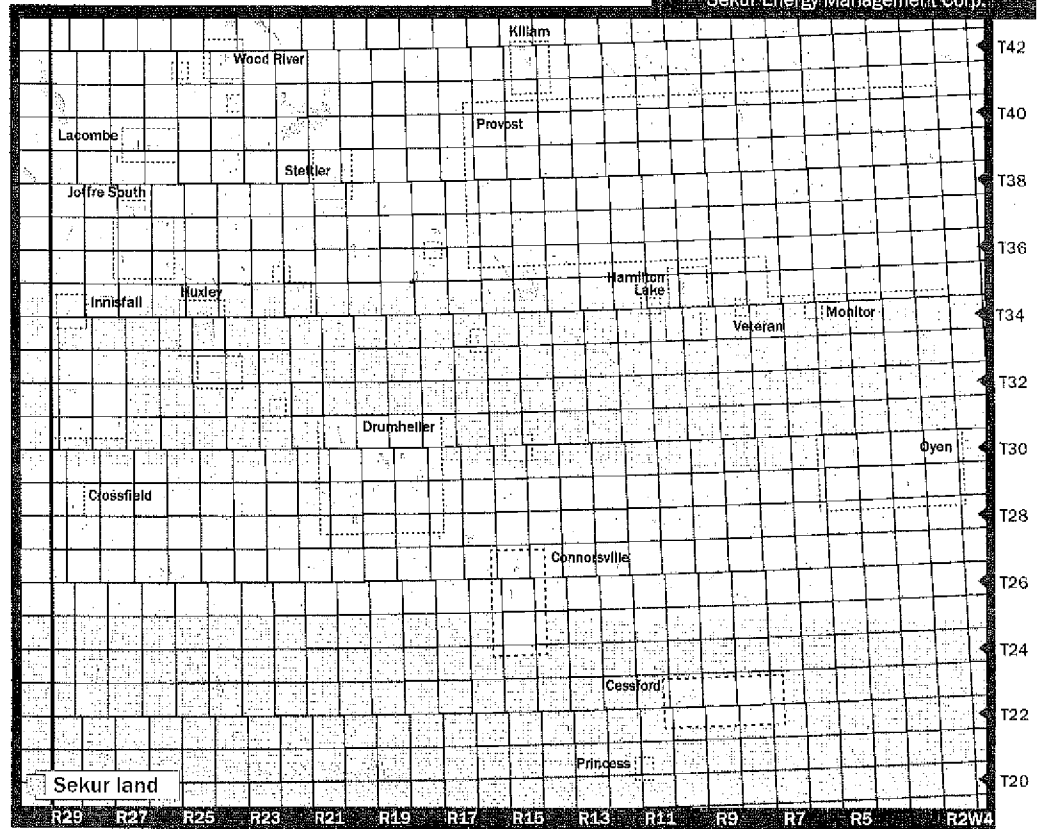
Average Daily Production (boe/d) 410.4

(For the Month of December, 2014)

Average Daily Production (boe/d) 402.5

(For the Month of March, 2015)

SOUTHERN ALBERTA OVERVIEW LAND PLAT



SOUTHERN ALBERTA

Total Wells			Total Lands		
Operated	Non Operated	GORR	Gross Area (acres)	Average W.I.%	Rights
147	477	136	125,824	27.4	Cretaceous, some Devonian

RESERVES AND NET PRESENT VALUE - MECHANICALLY UPDATED TO DECEMBER 31, 2014 (Sproule Report YE, 2013)

Property Reserves	Company Interest Reserves Before Royalties BOE (Mboe)	NPV, \$000's Before Taxes 10%
Total Proved	642	5,415
Total Proved Plus Probable	904	9,332

*Note: Reserves and NPV are working interest before royalties
NPV are calculated before taxes*



EDMONTON

HIGHLIGHTS

- ✓ Land position: 15,521 gross acres, (4,530 net acres).
- ✓ Nice combination of operated, non-operated and royalty interests.
- ✓ Provides steady cash flow.
- ✓ High non-op interest and GORR income.

PROPERTY NET REVENUE SUMMARY
For the 12 Months Ending December 31, 2014

Gross Production

Oil Production (Bbl)	5,131
Gas Production (mcf)	19,032
NGL Production (Bbl)	196
Total Production (BOE)	8,500

Net Revenue Summary

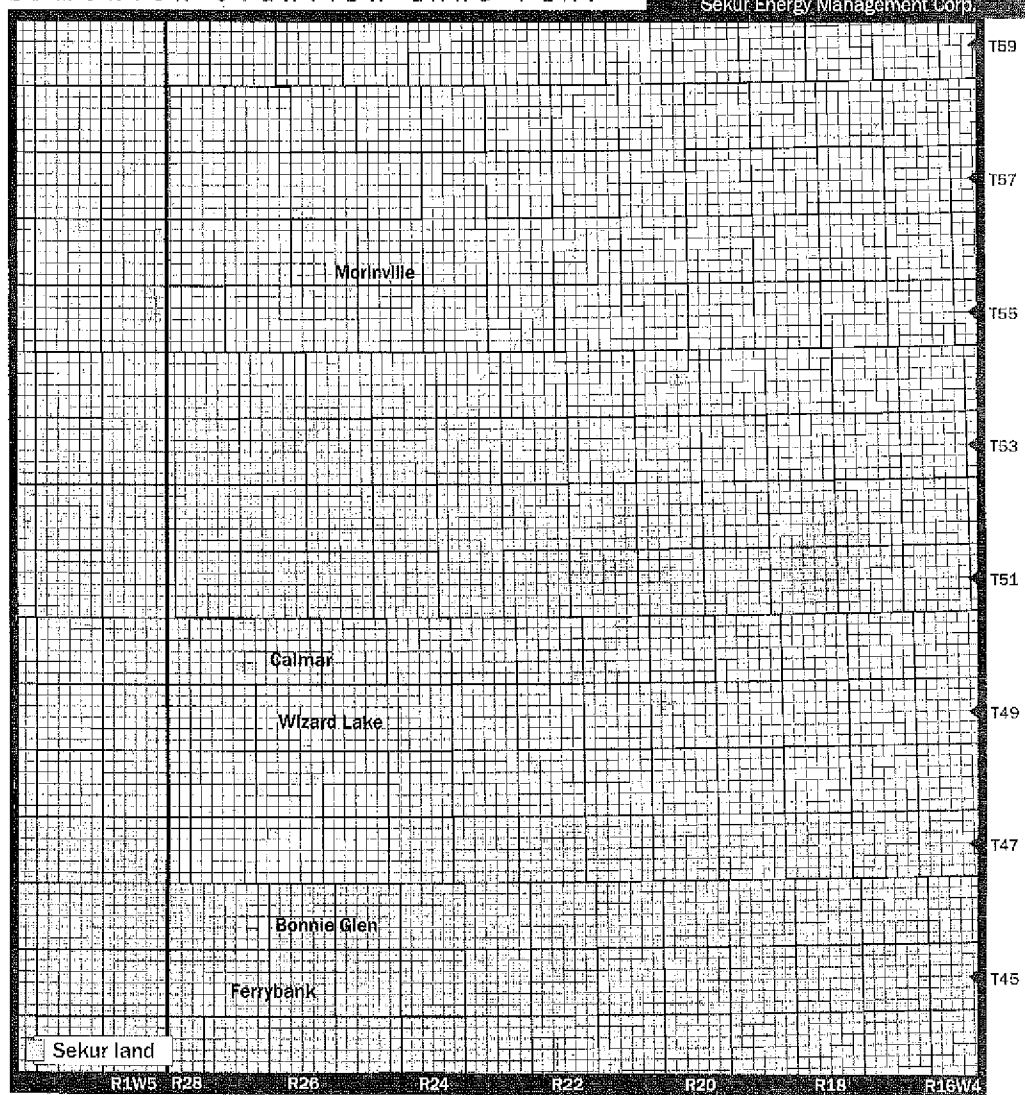
Revenue (\$)	501,064
Royalty Revenue (\$)	24,744
Royalty Expense (\$)	98,473
Operating Costs (\$)	461,690
Net Operating Income (\$)	5,276

Average Daily Production (boe/d) 24.5
(For the Month of December, 2014)

Average Daily Production (boe/d) 25.2
(For the Month of March, 2015)

EDMONTON OVERVIEW LAND PLAT

Sekur Energy Management Corp.



EDMONTON

Total Wells			Total Lands		
Operated	Non Operated	GORR	Gross Area (acres)	Average W.I.%	Rights
7	47	7	15,521.7	29.1	Cretaceous

RESERVES AND NET PRESENT VALUE - MECHANICALLY UPDATED TO DECEMBER 31, 2014 (Sproufe Report YE, 2013)

Property Reserves	Company Interest Reserves Before Royalties BOE (Mboe)	NPV, \$000's Before Taxes 10%
Total Proved	65	1,106
Total Proved Plus Probable	139	2,170

Note: Reserves and NPV are working interest before royalties
NPV are calculated before taxes



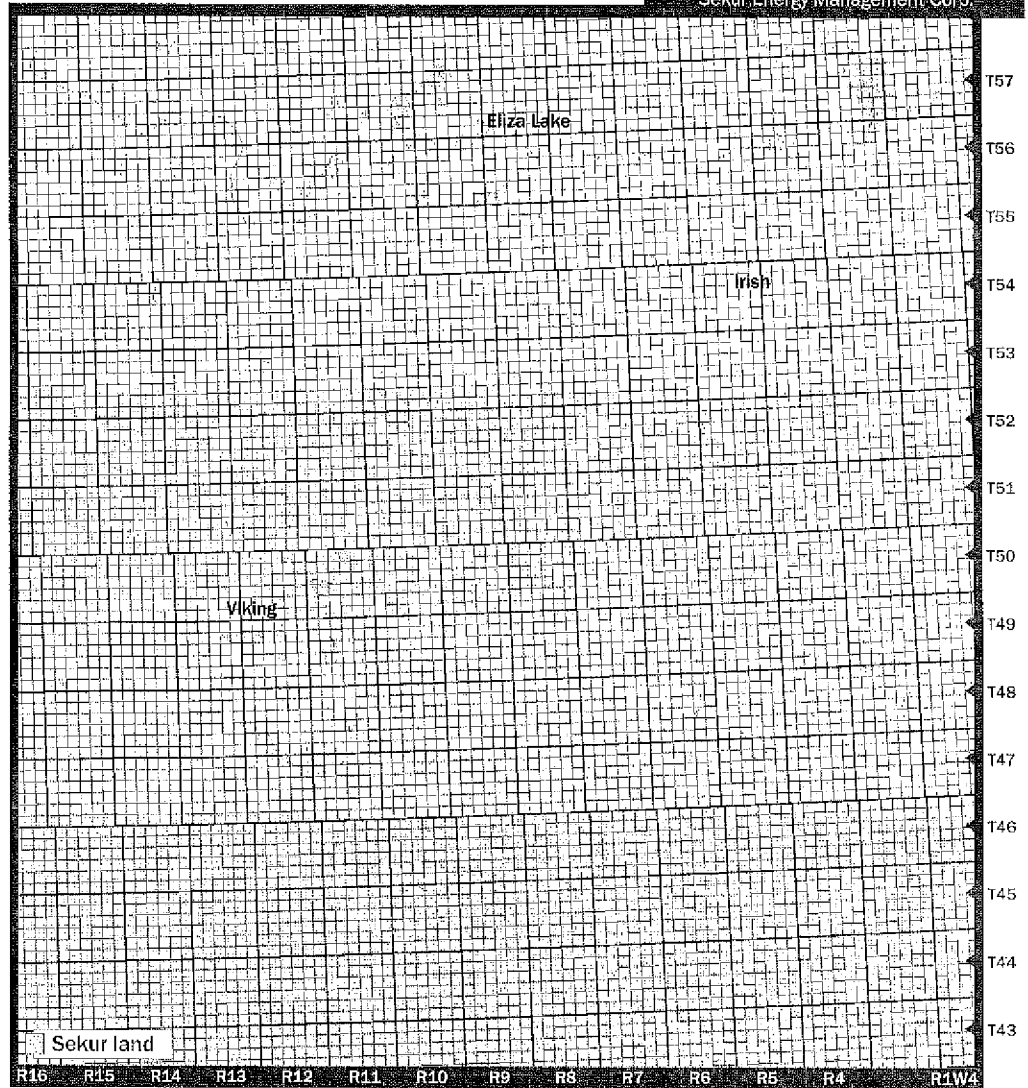
MINOR PROPERTIES

HIGHLIGHTS

- ✓ Land position: 9,049.2 gross acres, (5,953.6 net acres).
- ✓ Starter kit, non-operated, steady cash flow.

MINOR PROPERTIES OVERVIEW LAND PLAT

Sekur Energy Management Corp.



PROPERTY NET REVENUE SUMMARY
For the 12 Months Ending December 31, 2014

Gross Production

Oil Production (Bbl)	1,484
Gas Production (mcf)	21
NGL Production (Bbl)	0
Total Production (BOE)	1,487

Net Revenue Summary

Revenue (\$)	110,297
Royalty Expense (\$)	12,487
Operating Costs (\$)	67,087
Net Operating Income (\$)	30,723

Average Daily Production (boe/d) **4.5**
(For the Month of December, 2014)

Average Daily Production (boe/d) **4.4**
(For the Month of March, 2015)

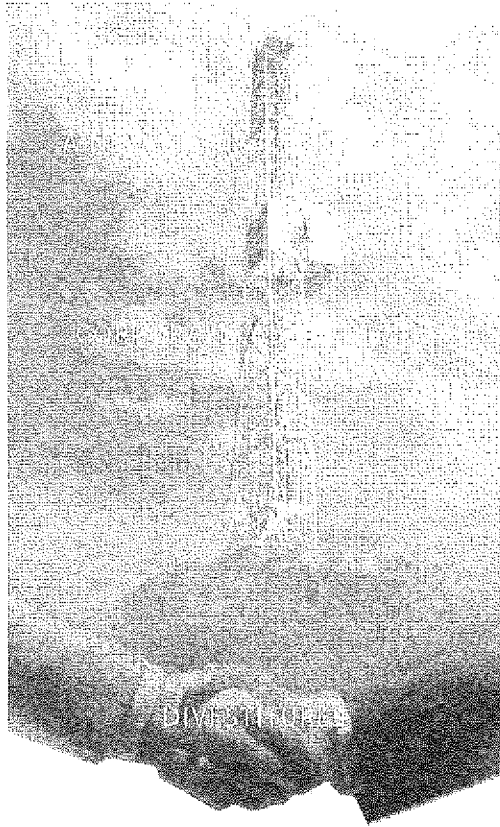
MINOR PROPERTIES

Total Wells			Total Lands		
Operated	Non Operated	GORR	Gross Area (acres)	Average W.I.%	Rights
5	12	0	9,049.2	65.7	Cretaceous

RESERVES AND NET PRESENT VALUE - MECHANICALLY UPDATED TO DECEMBER 31, 2014 (Sproule Report YE, 2013)

Property Reserves	Company Interest Reserves Before Royalties BOE (Mboe)	NPV, \$000's Before Taxes 10%
Total Proved	0	0
Total Proved Plus Probable	21.3	551

Note: Reserves and NPV are working interest before royalties
NPV are calculated before taxes



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Schedule 2

SALE PROCEDURES

Preamble

Pursuant to a credit agreement dated as of November 26, 2012 between Sekur Energy Management Corp. (the "**Company**") as borrower, Guggenheim Corporate Funding, LLC as agent (in such capacity, the "**Agent**"), and Verger Capital Fund LLC, SBC Funding, LLC, Equitrust Life Insurance Company, Guggenheim Life and Annuity Company, Guggenheim Energy Opportunities Fund LP, NZC Guggenheim Fund LLC and Heritage Life Insurance Company as lenders (collectively, the "**Lenders**"), the Lenders created a credit facility in favour of the Company. The indebtedness, liabilities and obligations of the Company to the Agent and the Lenders was collaterally secured by, *inter alia*, a general security agreement and demand debenture (collectively, the "**Security**") in favour of Computershare Trust Company of Canada, as collateral agent for and on behalf of the Agent and the Lenders (in such capacity, the "**Collateral Agent**").

The Company has determined that the disposition of all of its assets (collectively, the "**Assets**") is in the interests of its stakeholders, and that such disposition shall be carried out in accordance with these sale procedures (the "**Sale Procedures**"). The Lenders and the Agent have consented to the implementation of the Sale Procedures and the appointment by the Company of Deloitte Restructuring Inc. as financial advisor (in such capacity, the "**Financial Advisor**") to assist it in supervising these sale procedures and developing and implementing strategic options for addressing its financial difficulties. The Company has also retained NRG Divestitures Inc. to act as sale agent (in such capacity, the "**Sale Agent**") for the purposes of administering and carrying out these Sale Procedures. It is anticipated that any disposition of Assets will be made by a Receiver appointed by the Court on application by the Collateral Agent.

These Sale Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of the Assets of the Company.

Defined Terms and Interpretation

1. In these Sale Procedures, the following capitalized terms have the meanings set out below:

"**Agent**" is defined in the preamble

"**Approval and Vesting Order**" is defined in section 20

"**Approval Hearing**" is defined in section 20.

"**APS**" is defined in section 18.

"**Assets**" means the undertaking, property and assets of the Company.

"**Asset Bid**" is defined in section 12.

"**Bid Deadline**" is defined in section 12.

"Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary.

"CIM" is defined in 6(f).

"Claims" is defined in section 5(b).

"Collateral Agent" is defined in the preamble

"Company" is defined in the preamble.

"Confidentiality Agreement" is defined in section 6(e).

"Court" means the Alberta Court of Queen's Bench.

"Deposit" is defined in section 16(c).

"Financial Advisor" is defined in the preamble.

"Known Potential Bidders" is defined in section 6(a).

"Obligations" means any indebtedness, liabilities and obligations, whether present and future, direct and indirect, or liquidated and contingent, owed by the Company to any person.

"Potential Bidder" is defined in section 7.

"Priority Payables" means any Obligations of the Company secured by Security Interests that rank in priority to the Security Interests securing the Obligations of the Company to the Collateral Agent, Agent and Lenders.

"Purchase Price" means the value of the total consideration to be provided by a bidder pursuant to an Asset Bid, Qualified Bid, Successful Bid or APS, as the case may be, in Canadian dollars.

"Qualified Bid" is defined in section 13.

"Qualified Bidder" is defined in section 7.

"Receiver" means a receiver appointed by the Court on application by the Collateral Agent and the Agent.

"Sale Agent" is defined in the preamble.

"Sale Procedures" is defined in the preamble.

"Security Interest" means any mortgage, charge, pledge, assignment, hypothecation, title retention, finance lease or security interest, including any trust obligations, creating in favour of any creditor a right in respect of any property.

"Successful Bid" is defined in section 17.

“**Successful Bidder**” is defined in section 15.

“**Teaser Letter**” is defined in section 6(b).

2. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Sale Procedures

3. These Sale Procedures describe, among other things, the Assets available for sale, the manner in which prospective bidders may gain access to due diligence materials concerning the Company and the Assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received, the ultimate selection of one or more Successful Bids, and the approval thereof by the Courts.
4. The Sale Agent shall be responsible for administering and carrying out these Sale Procedures under the oversight of the Financial Advisor and in consultation with the Company and the Agent. The Company shall assist and support the Sale Agent and the Financial Advisor in connection with these Sale Procedures. In the event that there is a disagreement or clarification required as to the interpretation or application of these Sale Procedures or the responsibilities of the Sale Agent, the Financial Advisor, the Receiver or the Company hereunder, the Court will have the jurisdiction to hear such matter and provide advice and directions, upon application of the Sale Agent, the Financial Advisor, the Receiver, the Company or any other interested party with a hearing on no less than three (3) Business Days' notice.
5. Any sale of the Assets under these Sale Procedures:
 - (a) 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 Sale Agent, the Financial Advisor, the Receiver, the Company, or any of their agents, estates, advisors, professionals or otherwise, except to the extent set forth in the relevant APS; and
 - (b) all of the right, title and interest of the Company in and to all Assets sold or transferred will, at the time of such sale or transfer, be sold or transferred free and clear of all Security Interests, claims, options, and interests therein and there against (collectively, the “**Claims**”) pursuant to Approval and Vesting Orders made by the Court. Contemporaneously with such Approval and Vesting Orders being made, all such Claims shall attach to the net proceeds of the sale of such Assets (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant APS.

Solicitation of Interest

6. The Sale Agent shall:
 - (a) in consultation with the Financial Advisor and the Company and their advisors,

will prepare a list of potential bidders (the "**Known Potential Bidders**") for the Assets. Such list will include all parties who, in the reasonable business judgment of the Sale Agent, the Financial Advisor or the Company, may be interested in acquiring the Assets;

- (b) prepare an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders of the existence of these Sale Procedures and inviting the Known Potential Bidders to express their interest in making an Asset Bid;
 - (c) cause a notice of these Sale Procedures and such other relevant information which the Financial Advisor considers appropriate to be published in the Globe and Mail and the Daily Oil Bulletin;
 - (d) issue a press release providing the above notice and such other relevant information, with Canada Newswire and a United States equivalent newswire for dissemination in Canada and major financial centers in the United States;
 - (e) distribute to the Known Potential Bidders the Teaser Letter, as well as a copy of these Sales Procedures and a draft form of confidentiality agreement to which the Company, the Sale Agent and the potential bidder are party (the "**Confidentiality Agreement**") that is satisfactory to the Financial Advisor, acting reasonably, and which shall inure to the benefit of any purchaser under an Asset Bid;
 - (f) prepare a confidential information memorandum describing the Assets and the Company (the "**CIM**"); and
 - (g) create an electronic data room with confidential materials and financial and other information relating to the Assets and the Company.
7. In order to participate in these Sales Procedures, an interested party (a "**Potential Bidder**") must deliver the following to the Sale Agent, with a copy to the Financial Advisor:
- (a) an executed Confidentiality Agreement, in form and substance satisfactory to the Financial Advisor, acting reasonably, which shall inure to the benefit of any purchaser pursuant to an Asset Bid; and
 - (b) an executed letter acknowledging receipt of a copy of these Sale Procedures and agreeing to accept and be bound by the provisions contained therein,

whereupon the Potential Bidder will be deemed a "**Qualified Bidder**".

Due Diligence

8. Upon a Potential Bidder becoming a Qualified Bidder, the Sale Agent shall:
- (a) make the CIM available to such Qualified Bidder; and
 - (b) give such Qualified Bidder access to the electronic data room.

9. At the discretion of the Sale Agent, in consultation with the Financial Advisor, due diligence access may include presentations by the Sale Agent and management of the Company (as may be scheduled by the Sale Agent), access to physical data rooms, on-site inspections and such other matters as a Qualified Bidder may reasonably request and as to which the Sale Agent, in its reasonable exercise of discretion, may agree. The Sale Agent shall not be obligated to furnish any due diligence information after the Bid Deadline.
10. Neither the Company, the Sale Agent, the Financial Advisor nor the Receiver shall be responsible for, or have any liability with respect to, any information obtained by any Known Potential Bidder, Potential Bidder or Qualified Bidder in connection with the Assets or the Company. The Company, Sale Agent, the Financial Advisor, the Receiver and their respective advisors do not make any representations or warranties whatsoever as to the information or the materials provided, except, in the case of the Company, to the extent provided under any APS executed and delivered by a Successful Bidder and the Company.

Asset Bids by Qualified Bidders

11. Until the Bid Deadline, the Sale Agent will solicit Asset Bids from Qualified Bidders in accordance with these Sale Procedures.
12. A Qualified Bidder, if it wishes to submit an Asset Bid, must deliver to the Sale Agent (with a copy to the Financial Advisor), so as to be received by the Sale Agent not later than 5:00 p.m. (Mountain Time) on July 8, 2015 (the "**Bid Deadline**"), an executed binding offer in the form of an agreement for the acquisition of all or any portion of the Assets, which offer must be substantially in the form attached hereto as **Schedule "A"**, WHICH Asset Bid, if accepted by the Company, will result in a binding agreement (an "**Asset Bid**"). The Sale Agent shall provide all Asset Bids to the Agent upon receipt.
13. An Asset Bid will only be considered to be qualified for consideration in accordance with section 15 if it complies at a minimum with the following requirements (whereupon, the Asset Bid is a "**Qualified Bid**"):
 - (a) the Asset Bid is duly executed by the Qualified Bidder;
 - (b) the Asset Bid provides that it is irrevocable until the approval of the Successful Bid(s) by the Court pursuant to an Approval and Vesting Order; provided, however, that if such Asset Bid is selected as the Successful Bid, it shall remain irrevocable until the closing of the Successful Bid;
 - (c) the Asset Bid does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment;
 - (d) the Asset Bid is conditional only upon an Approval and Vesting Order being issued and is not conditional on: (i) the outcome of unperformed due diligence by the bidder, (ii) obtaining any financing capital, or (iii) any other conditions other than as permitted herein;

- (e) the Asset Bid includes an acknowledgement and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Asset Bid;
 - (f) the Asset Bid includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Asset Bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Sale Agent, the Financial Advisor, the Receiver and the Company, or any of their respective advisors, except as expressly stated in the purchase and sale agreement submitted by it; (iii) is a sophisticated party capable of making its own assessments in respect of making its Asset Bid; and (iv) has had the benefit of independent legal advice in connection with its Asset Bid; and
 - (g) the Asset Bid is received by no later than the Bid Deadline.
14. Notwithstanding any other provision hereof, the Sale Agent in consultation with the Financial Advisor may waive compliance with any one or more of the Qualified Bid requirements specified herein, and deem such noncompliant bids to be Qualified Bids.
15. The Sale Agent in consultation with the Financial Advisor and the Company will evaluate the Qualified Bids received on the basis of the following criteria:
- (a) the Purchase Price and the net value (including assumed liabilities and other obligations to be performed or assumed by a Qualified Bidder) provided by a Qualified Bid;
 - (b) the Assets included or excluded from the Qualified Bid and the transaction costs and risks associated with closing multiple transactions versus a single transaction for all or substantially all of the Assets;
 - (c) the identity and apparent financial resources of a Qualified Bidder and any party related thereto;
 - (d) the terms and provisions of and conditions contained in a Qualified Bid and any contemplated transaction documents, and their compliance with the provisions of these Sale Procedures;
 - (e) other factors affecting the speed, certainty and value of the transaction contemplated by a Qualified Bid (including any regulatory approvals required to close the transaction contemplated by the Qualified Bid);
 - (f) any transition services required from the Company post-closing and any related restructuring costs;
 - (g) the likelihood and timing of consummating the transaction contemplated by the Qualified Bid; and

- (h) such other factors as the Sale Agent, in consultation with the Financial Advisor and the Company, determines in its reasonable business judgment to be relevant.
16. If there is one or more Qualified Bids that the Sale Agent, the Financial Advisor and the Company have determined constitute the highest, most favourable or otherwise best Qualified Bid(s), the Sale Agent shall request the following from the Qualified Bidder(s) submitting such Qualified Bid (provided that the Sale Agent, in consultation with the Financial Advisor, may waive one or more of these requirements with respect to any Qualified Bidder):
- (a) evidence of the financial capacity of the Qualified Bidder to complete the transaction contemplated by the Asset Bid;
 - (b) the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Asset Bid;
 - (c) a refundable deposit (the "**Deposit**") in the form of a certified cheque or bank draft payable to the order of the Financial Advisor, in trust, drawn on a financial institution acceptable to the Financial Advisor, acting reasonably, in an amount equal to ten percent (10%) of the Purchase Price, to be held and dealt with in accordance with these Sale Procedures;
 - (d) evidence, in form and substance reasonably satisfactory to the Sale Agent, the Financial Advisor and the Company, of compliance or anticipated compliance with any and all applicable regulatory approvals, the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals; and
 - (e) such other information reasonably requested by the Sale Agent or the Financial Advisor.
17. The Sale Agent, the Financial Advisor and the Company will make a final determination, in accordance with the criteria set out in sections 15 and 25, and upon being satisfied with compliance with and the information provided pursuant to section 16, of which Qualified Bid(s), if any, constitutes the highest, most favourable or otherwise best Qualified Bid(s) and should be accepted by the Agent (such Qualified Bid(s), if accepted by the Sale Agent, being the "**Successful Bid(s)**", and the Qualified Bidders(s) who made the Successful Bid is the "**Successful Bidder(s)**"). The Sale Agent will notify the Qualified Bidders whether or not they are the Successful Bidder(s).
18. Upon the identification of a Successful Bidder, the Sale Agent in consultation with the Financial Advisor and Company shall negotiate and settle the terms of a definitive agreement of purchase and sale between the Company and the Successful Bidder in respect of the Successful Bid, which agreement shall be substantially in the form attached hereto as **Schedule "B"** (such agreement being the "**APS**"), which must be executed by no later than five (5) Business Days after the identification of the Successful Bidder, and which will be conditional upon Court approval of the Successful Bid and the purchase and sale transaction contemplated thereby. The dates specified herein may be extended at the option of the Sale Agent in consultation with the Financial Advisor.

19. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the later of the date of approval of the Successful Bid by the Court.

Approval Hearing

20. Within a reasonable time subsequent to the identification of a Successful Bid, the Company shall request that the Collateral Agent and Agent apply to the Court for the appointment of the Receiver and for an order (a) approving the Successful Bid and the purchase and sale transaction contemplated thereby, (b) authorizing and direct the Receiver to enter into an APS in connection with the transaction contemplated by the Successful Bid, (c) vesting the Assets subject to the Successful Bid in the Successful Bidder in the manner contemplated in the Successful Bid and these Sale Procedures (such order being an "**Approval and Vesting Order**"). The hearing may be adjourned or rescheduled by the Collateral Agent, without further notice.

Deposits

21. The Financial Advisor shall retain possession of all certified cheques and bank drafts delivered to it by Qualified Bidders as Deposits. Upon the identification of the Successful Bidder, the Financial Advisor shall deposit into an interest bearing trust account with a Schedule I Bank in Canada the certified cheque or bank draft provided by the Successful Bidder in payment of the Deposit. Upon the completion of the APS in respect of the Successful Bid, the Deposit shall be applied to the Purchase Price to be paid by the Successful Bidder upon closing of the Successful Bid. The Deposits of all Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five (5) Business Days of the later of the date upon which the Approval and Vesting Order is made in respect of the Successful Bid. Upon the appointment of the Receiver, the Financial Advisor shall transfer the Deposit in trust to the account opened by the Receiver at a Schedule I Bank in Canada and the Financial Advisor shall have no further obligations in respect thereof.
22. If an entity selected as or deemed to be the Successful Bidder breaches its obligations to close under the Successful Bid or the APS in respect thereof, it shall forfeit its Deposit to the Receiver; 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 Receiver has against such breaching entity.

Approvals

23. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the BIA or any other statute or are otherwise required at law in order to implement a Successful Bid.

Notice

24. The addresses used for delivering documents to the Sale Agent, the Financial Advisor and the Company as prescribed by the terms and conditions of these Sale Procedures are set out in **Schedule "C"**. An Asset Bid and all associated documentation shall be delivered to the Sale Agent, with a copy to the Financial Advisor, by electronic mail, personal delivery or courier. Interested bidders requesting information about the qualification process, including a form of APS, and information in connection with their

due diligence, should contact the Sale Agent or Financial Advisor at the contact information contained in Schedule "A".

Reservation of Rights

25. The Sale Agent, in consultation with the Financial Advisor: (a) may reject, at any time any Qualified Bid that is (i) inadequate or insufficient, or (ii) not in conformity with the requirements of the BIA, these Sale Procedures or any orders of the Court applicable to the Company; (b) in accordance with the terms hereof, may impose additional terms and conditions and otherwise seek to modify the Sale Procedures at any time in order to maximize the results obtained; and (c) in accordance with the terms hereof, may accept bids not in conformity with these Sale Procedures to the extent that the Sale Agent determines, in its reasonable business judgment and in consultation with the Financial Advisor, the Company and the Agent, that doing so would benefit the Company, its estate and stakeholders.
26. The Sale Agent may extend the Bid Deadline in consultation with the Financial Advisor and the Agent.
27. At any time during these Sales Procedures, the Sale Agent, in consultation with the Financial Advisor and the Agent, may impose such additional terms and conditions, on notice to the relevant bidders, as the Sale Agent may determine to be in the best interests of the Company's estate and its stakeholders that are not inconsistent with any of the procedures in these Sale Procedures.
28. These Sale Procedures do not, and shall not be interpreted to, create any contractual or other legal relationship between:
 - (a) the Sale Agent, the Financial Advisor, the Receiver, the Agent and/or the Company; and
 - (b) any Known Potential Bidder, Potential Bidder, Qualified Bidder or Successful Bidder,

other than as specifically set forth in the APA.

No Amendment

29. There shall be no amendments to these Sale Procedures without the prior written consent of the Sale Agent, the Financial Advisor and the Agent.

Schedule "A"
Form of Asset Bid

Schedule "B"

Form of APS

Schedule "C"

Address for Notices and Deliveries

To the Sale Agent:

NRG Divestures Inc.
Elveden House
970, 7171 – 7th Ave SW
Calgary, AB T2P 0Z3
Attention: Arno Keller
Tel. No.: (403) 668-0688
Facsimile No.: (403) 366-8626
E-mail: arno.keller@nrgdivestitures.com

To the Financial Advisor:

Deloitte Restructuring Inc.
700, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Jeff Keeble, Senior Vice President
Tel. No.: (403) 920-9374
E-mail: jkeeble@deloitte.ca

with a copy to:

Gowling Lafleur Henderson LLP
1600, 421 – 7 Avenue SW
Calgary, AB T2P 4K9
Attention: Tom Cumming
Tel. No.: (403) 298-1938
Facsimile No.: (403) 695-3538
E-mail: tom.cumming@gowlings.com