



COURT FILE NUMBER	1901-05089
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE <i>COMPANIES' CREDITORS ARRANGEMENT ACT</i>, RSC 1985, c C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF STRATEGIC OIL & GAS LTD. AND STRATEGIC TRANSMISSION LTD.
DOCUMENT	THIRD REPORT OF THE MONITOR OCTOBER 4, 2019
ADDRESS FOR SERVICE AND CONTRACT INFORMATION OF PARTY FILING THIS DOCUMENT	MONITOR KPMG Inc. Suite 3100, Bow Valley Square II 205 - 5th Ave SW Calgary, Alberta T2P 4B9 Neil Honess/Cameron Browning Tel: (403) 691-8014/(403) 691-8413 neilhoness@kpmg.ca cbrowning@kpmg.ca COUNSEL Torys LLP 525 - 8th Avenue SW 46th Floor - Eighth Avenue Place East Calgary, Alberta T2P 1G1 Kyle Kashuba Tel: (403) 776-3744 kkashuba@torys.com

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1. INTRODUCTION AND PURPOSE OF REPORT

1. On April 10, 2019, Strategic Oil & Gas Ltd. and Strategic Transmission Ltd. (together, “**Strategic**” or the “**Company**”) sought and obtained protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) pursuant to an order granted by this Honourable Court (the “**Initial Order**”).
2. The Initial Order granted, *inter alia*, a stay of proceedings against Strategic until and including May 6, 2019 (the “**Initial Stay Period**”) and appointed KPMG Inc. as Monitor (the “**Monitor**”). The proceedings commenced by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
3. On May 6, 2019, the Company obtained an order (the “**First Stay Extension Order**”) extending the stay of proceedings until and including June 5, 2019 and this Honourable Court further authorized and directed the Company to proceed with the First Installment of the KERP.
4. On May 9, 2019, the Company obtained an order (the “**Second Stay Extension Order**”) extending the stay of proceedings until and including September 30, 2019 (the “**Stay Period**”), and this Honourable Court further authorized and directed the Company to proceed with the outlined sale and investment solicitation process (“**SISP**”).
5. On September 20, 2019, the Company obtained an order (the “**Third Stay Extension Order**”) extending the stay of proceedings until and including November 29, 2019 (the “**Extended Stay Period**”).
6. Further background on the CCAA Proceedings, including a summary of the activities of the Company and the Monitor since the granting the Initial Order was previously provided in the Monitor’s first report dated April 29, 2019 (the “**First Report**”), the Monitor’s first supplemental report dated May 3, 2019 (the “**First Supplemental Report**”), the Monitor’s second supplemental report dated May 9, 2019 (the “**Second Supplemental Report**”) and the Monitor’s second report dated September 11, 2019 (the “**Second Report**”).

7. This is the Monitor's third report (the "**Third Report**") to the Court and should be read in conjunction with the First Report, the First Supplemental Report, the Second Supplemental Report and the Second Report. The Third Report has been filed to advise this Honourable Court and provide the Monitor's summary and comments with respect to:
- a) The activities of the Company since the granting of the Third Stay Extension Order;
 - b) The activities of the Monitor since the granting of the Third Stay Extension Order;
 - c) Strategic's cash flow statement (the "**Cash Flow Statement**") budget to actual results for the weeks of September 2, 2019 to September 23, 2019 (the "**Reporting Period**") as compared to the cash flow projection filed in the Second Report;
 - d) The Company's cash flow projection (the "**Cash Flow Projection**") for the week of September 30, 2019 to the week commencing December 23, 2019 (the "**Forecast Period**");
 - e) An overview of the intended amendments to the Key Employee Retention Plan (the "**KERP**") detailed in the First Report;
 - f) An overview of Strategic's process for soliciting, determining and (if necessary) adjudicating disputes relation to claims against the Company (the "**Claims Process**");
 - g) A summary of the contemplated plan of compromise and arrangement (the "**Plan**") and providing the Monitor's comments on the Plan;
 - h) The contemplated procedures and structure of the meeting of creditors (the "**Meeting Order**") to, amongst other things, consider the Plan;
 - i) Strategic's application for a further extension of the CCAA stay of proceedings to December 31, 2019; and
 - j) The Monitor's recommendations.
8. Further background and information regarding the Company and these CCAA Proceedings can be found on the Monitor's website at <https://home.kpmg/ca/strategic> (the "**Monitor's Website**").

9. In preparing this Third Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited, draft and/or internal financial information, Company records, Company prepared financial information and projections, discussions with management (the “**Management**”) and employees, and information from other third party sources (collectively, the “**Information**”).
10. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants Handbook*, and accordingly the Monitor expresses no opinion or other form of assurance in respect of the Information.
11. Some of the information referred to in this Third Report consists of forecasts and projections, which were prepared based on Management’s estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the forecasted or projected results. The reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant.
12. The information contained in this Third Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Company.
13. Capitalized terms not otherwise defined herein are as defined in the Company’s application materials, including the First Affidavit of Remi Anthony (Tony) Berthelet sworn April 9, 2019 (the “**First Berthelet Affidavit**”), the Second Affidavit of Remi Anthony (Tony) Berthelet (the “**Second Berthelet Affidavit**”) sworn April 29, 2019, the Third Affidavit of Remi Anthony (Tony) Berthelet (the “**Third Berthelet Affidavit**”) sworn September 11, 2019 and the First Affidavit of Amanda Reitenbach (the “**First Reitenbach Affidavit**”) sworn October 4, 2019. The Third Report should be read in conjunction with the First Report, the First Supplemental Report, the Second Supplemental Report, the Second Report and the First, Second, Third and Fourth Berthelet Affidavits, as certain information has not been included herein to avoid unnecessary duplication.
14. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. ACTIVITIES OF THE COMPANY SINCE THE THIRD REPORT

15. Since the Second Report, the activities undertaken by the Company have included:
- a) Strategic has communicated and consulted with the Monitor on a continuous basis with respect to ongoing operations including operational disbursements and has provided the Monitor with regular cash flow reporting;
 - b) Maintained communication with various stakeholders including GMT Capital Corp. (“GMT”), Alberta Energy Regulator (the “AER”), the Government of the Northwest Territories (the “GNWT”), and various trade creditors;
 - c) Continued to pro-actively engage with the AER and GNWT regarding the SISP and other matters related to the ongoing operations of the Company;
 - d) Continued to conduct environmental and regulatory compliance work in accordance with current regulatory guidelines in both Alberta and the Northwest Territories including:
 - i. Well inspections;
 - ii. Soil and erosional and groundwater monitoring of various sites;
 - iii. Gas migration testing; and
 - iv. Visual and ultrasonic inspections of vessels for ABSA compliance.
 - e) Communicated with key shareholders regarding the Claims Process and Plan described in-depth herein;
 - f) Updated payable records for completeness and accuracy records for the purposes of the Claims Process; and
 - g) Developed and reviewed, in consultation with the Monitor, various payout scenarios pursuant to the Plan and the Claims Process.
16. On or about September 23, 2019, the Company’s chief executive officer (“CEO”), Remi Anthony (Tony) Berthelet (“**Mr. Berthelet**”) tendered his resignation effective October 17, 2019 to the Company’s Board of Directors, which was duly accepted.

17. Mr. Berthelet will continue to work with the Company until his resignation date whereupon he will be replaced as CEO by William Lancaster.

3. ACTIVITIES OF THE MONITOR SINCE THE THIRD REPORT

18. The Monitor has performed the following tasks since the Second Report:
- a) Undertaken a weekly review of the Company's Cash Flow Statement and discussed any material variances with the Company and their counsel, within the Reporting Period;
 - b) Dealt with inquiries from various of the Company's creditors and other stakeholders with respect to matters pertaining to the CCAA Proceedings and the SISP;
 - c) Attended numerous meetings with Management regarding the CCAA Proceedings;
 - d) Reviewed and commented on the Plan as discussed herein;
 - e) Assisted in the finalization of a Claims Process as discussed herein;
 - f) Prepared various payout method models for consideration by the Company and other stakeholders;
 - g) Agreed on the structure, timeline, and procedures of the Meeting Order as discussed herein;
 - h) Attended meetings with the AER and the GNWT to discuss the ongoing status of Strategic, the progress of the SISP and outcome thereof, the outlined Plan and details of the claims process and to answer general queries as and when required;
 - i) Consulted with its legal counsel with respect to the above, and with respect to ongoing issues arising in the course of the Company's CCAA Proceedings; and
 - j) Prepared this Third Report.

4. CASH BUDGET TO ACTUAL RESULTS

19. Since the Second Report, the Company's budget to actual results as compared to the cash flow statement filed in the Second Report have remained under budget with no material adverse change to report.
20. The Company has paid, and continues to pay, for any goods and services received subsequent to the Initial Order, including operating expenditures, capital expenditures, payroll and related deductions, as well as earned vacation pay.

Cash Flow Projection

21. The Company, in consultation with the Monitor, has prepared an updated Cash Flow Projection for the Forecast Period. A copy of the Cash Flow Projection is attached as **Appendix "A"**.
22. The table below provides a summary of the Cash Flow Projection for the Stay Period.

STRATEGIC OIL & GAS LTD. and STRATEGIC TRANSMISSION LTD.	
Cash Flow Projection for the Weeks of September 30 to December 23, 2019	
Unaudited (\$000's CAD)	Total 13 Weeks
Cash Receipts	
Production revenue, net of oil royalties and transportation	4,385
Other receipts	130
Total Cash Receipts	4,515
Cash Disbursements	
Royalties	33
Property taxes	330
Operating, capital and regulatory expenditures	3,913
Payroll	639
General & administrative costs	272
Interest and taxes	450
Contingency	1,300
Total Cash Disbursements	6,937
Cash Flow From Operations	(2,421)
Restructuring Fees	195
Net Change in Cash	(2,616)
Opening cash	5,884
Ending Cash	3,268
Key Employee Retention Plan	
Opening cash	1,005
Scheduled payment	1,005
Total Restricted Cash	-

23. The Cash Flow Projection indicated the following through the Forecast Period:
- a) Total cash receipts of \$4.52 million;
 - b) Total cash disbursements of \$6.94 million; and
 - c) Total disbursements relating to professional fees and restructuring costs of \$195,000.
24. A summary of the major assumptions made by the Company in preparing the Cash Flow Projection remain consistent with the descriptions provided in the Second Report dated September 20, 2019.
25. As summarized above, the weekly Cash Flow Projection indicates that the Company has sufficient liquidity to operate during the Forecast Period without additional funding.

5. AMENDMENT OF KEY EMPLOYEE RETENTION PLAN

26. Pursuant to the Initial Order, the KERP was put in place for all remaining employees of Strategic. The KERP is more fully described in the First Report but included the following milestones:
- a) A first installment of an amount equal to approximately 20% of the total KERP payment payable to the employee in question following the first extension hearing (the “**First Installment**”);
 - b) A second installment of an amount equal to approximately 20% of the total KERP payment payable to the employee in question following the receipt of a qualified bid (the “**Second Installment**”); and
 - c) A third and final installment in an amount equal to approximately 60% of the total KERP payment when a deal closes or the alternative plan is activated (the “**Final Installment**”).
27. Both the First Installment and the Second Installment have been paid to the employees on May 15, 2019 and July 31, 2019 respectively.
28. Most employees have remained with the Company since the date of the Initial Order. However, as originally envisaged, the Final Installment was expected to be payable in or around September 2019. However, the additional time required to resolve the results of the SISP and formulate an alternative plan means that the Final Installment, per the terms of the KERP, may not be paid for some time yet.
29. Accordingly, there is a risk that certain employees may not remain with the Company during the extended period required to finalize the Plan and undertake the requirements of the Claims Process and Meeting Order, and any such departures could jeopardize the ability of the Company to continue operations and therefore the success of said Plan.
30. Additionally, due to the departure of Mr. Berthelet and one other employee in the accounting department, certain forecast Final Installment payments will not be due to these people.
31. The Company is proposing amendments to the KERP (the “**Amended KERP**”), a copy of the order is attached as **Appendix “B”** and is summarized below:
- a) The Final Installment will be increased by the amounts due to the two employees detailed above who left the Company before the Final Installment was due and payable; and

- b) The Final Installment will now be paid in two equal parts which, together, will not exceed the amounts of the Final Installment as follows:
 - i. A first payment to be paid on the earlier of the Court granting a sanction order in respect of the Plan or the Monitor filing materials in the CCAA Proceedings advising the Plan has not been approved; and
 - ii. The second payment to be paid on the earlier of the Plan Implementation Date (as defined in the Plan) or December 20, 2019.

32. The Monitor is of the view that the Amended KERP is fair and necessary for the following reasons:

- a) Additional time will be required to fully conclude the Plan and the remaining employees are critical to the success thereof;
- b) Funds available to employees who departed are now re-allocated to remaining employees ensuring that no additional funds are required;
- c) Remaining employees will receive additional payments to reflect their continued loyalty to the Company;
- d) A revised timing schedule reflects the extended process and ensures employees remain with Strategic while the Plan is implemented; and
- e) No additional funds are required to fund the Amended KERP.

6. CLAIMS PROCESS

33. The Company, in consultation with the Monitor, has developed the Claims Process to establish the universe of claims to be considered in the CCAA Proceedings, a copy of which is attached at **Appendix “C”**. The Claims Process will be governed by an order sought from this Honourable Court (the “**Claims Process Order**”). Detailed below is a summary of the Claims Process and Claims Process Order.
34. The Claims Process does not apply to regulatory obligations owed or owing by the Company (“**Regulatory Obligations**”) to any regulator, government or governmental body (collectively, a “**Regulator**”), including with respect to any financial security held by any Regulator in support of Regulatory Obligations.

Notice and Filing Proofs of Claim

35. By October 18, 2019, the Monitor will send a copy of the Notice to Creditors and a Proof of Claim form and related instruction letter (collectively, the “**Proof of Claim Document Package**”) to all claimants and other potential affected creditors (together referred to as “**Affected Creditors**”).
36. The Company, with the assistance of the Monitor, will publish a notice to Affected Creditors of the Claims Procedure on two separate dates in each of the Calgary Herald, National Post, and the Daily Oil Bulletin and post electronic copies of all the documents on the Monitor’s Website.
37. The deadline for submission of Proofs of Claim to the Monitor is prior to 5:00 p.m. (Mountain Time) on November 15, 2019 (the “**Claims Bar Date**”).

Notice of Revision or Disallowance

38. The Claims Process also includes a mechanism for resolving disputed claims:
- a) Each Proof of Claim received on or before the Claims Bar Date will be reviewed by the Monitor and the Company;
 - b) The Monitor will accept, revise or disallow the amount of each claim for voting and/or distribution purposes;

- c) Within 30 days of receiving the Proof of Claim, the Monitor will notify each creditor of any revision or disallowance of their claim (the “**Notice of Revision or Disallowance**”);
- d) Creditors can dispute the amount of the Claim as revised or disallowed by the Monitor by delivering a Dispute Notice to the Monitor within 14 days of receipt of a Notice of Revision or Disallowance. If a creditor does not dispute the Notice of Revision or Disallowance, the claim will be accepted as per the Notice of Revision or Disallowance; and
- e) Where disputes cannot be resolved, the Company or the Monitor can apply to the Court for determination of the claim.

Monitor’s Observations of the Claims Process

39. The Monitor believes that the proposed Claims Process and proposed Claims Process Order are reasonable and appropriate in the circumstances as it:
- a) Provides for a timely review of all potential Claims against the Company, the CCAA stakeholders and/or the Directors and Officers;
 - b) The various timelines set out in the Claims Process Order provide sufficient notice for all potential Creditors to file Claims;
 - c) The Claims Process for resolution of disputes is fair and in line with usual practices in similar proceedings; and
 - d) There will be adequate time prior to any distribution for resolution of disputed Claims.

7. PLAN OF COMPROMISE AND ARRANGEMENT

40. The material terms and conditions of the Plan, a copy of which is attached at **Appendix “D”**.
41. GMT will restructure Strategic through a plan of compromise and arrangement, which will include the following elements:
- a) Unsecured creditors to accept a compromise on trade payables, funded directly or indirectly by GMT;
 - b) Sale of Cameron Hills to Tallahassee Exploration Inc. (“**TEI**”);
 - c) Recapitalization of Strategic by way of elimination of existing shares and noteholders; and
 - d) Other usual and common terms of a plan of compromise and arrangement.
42. The Plan contemplates unsecured creditors whose claims have been accepted through the Claims Process (“**Proven Claims**”), receiving distributions from a cash pool of \$1,315,000 (the “**Cash Pool**”) as below.
- a) Each unsecured creditor will receive an amount from the Cash Pool equal to the entire amount of its unsecured claim up to \$2,000; and
 - b) An amount equal to the balance of its unsecured claim, divided by the funds remaining in the Cash Pool after subtraction of all payments under (a).

Disputed Distribution Claims

43. Creditors with a Disputed Distribution Claim will not be entitled to vote at any meeting of creditors or receive any distribution until the claim is resolved pursuant to the Claims Procedure Order.

Monitor’s Observations of the Plan

44. Pursuant to section 23(1)(i) of the CCAA, the Monitor is required to advise to the Court on the reasonableness and fairness of any compromise or arrangement that is proposed between the Company and its creditors. In considering the fairness and reasonableness of the Plan, the Monitor is supportive of the Company having selected the foregoing Plan for the following reasons:

- a) It treats all of the Company's unsecured creditors equally under one creditor class and will result in better recoveries to them than a bankruptcy or liquidation scenario;
- b) As detailed in the Second Report and Second Supplemental Report, the Company ran a fulsome sales process pursuant to the Court approved SISP and no bids that approached the combined value of secured debt and abandonment obligations in Alberta and the Northwest Territories were received;
- c) Based on the results of the SISP described in the Second Report, the Plan provides the best restructuring option with consideration to all of the Company's stakeholders;
- d) It addresses potential Alberta abandonment liabilities by the retention of Strategic as the operating entity with sufficient resources and employees experienced in managing the assets;
- e) The regulatory authority and discretion of the Alberta Energy Regulator and the Government of the Northwest Territories is not intended to be affected by the Plan;
- f) The Plan addresses potential Northwest Territories abandonment liabilities by transferring the licenses to TEI, an experienced producer with operating interest in wells across Canada;
- g) Provides ongoing employment for the existing staff of Strategic including the technical team that is familiar with the field operations and asset requirements;
- h) Was supported by GMT as senior secured lender and majority shareholder and provides the ability for them to recover some of their losses in the long-term under the new operating entity;
- i) Negotiation of the New Credit Facility will provide ongoing working capital for Strategic;
- j) It results in approximately 66 Affected Creditors receiving payment in full of their unsecured claims. Additionally, Affected Creditors not paid in full will receive partial payment in an amount of \$2,000 and an approximately 10% dividend based on the remainder of the Cash Pool and current estimates of the Affected Creditors; and
- k) It allows the Company to continue as a going-concern, thereby preserving employment for salaried individuals and contract operators.

8. MEETING ORDER

45. The material terms and conditions of the Meeting Order, a copy of which is attached at **Appendix “E”**, are summarized below. Capitalized terms not otherwise defined herein shall have the meaning given in the Meeting Order.

Notice of Meeting and Information Package

46. The Monitor will prepare and send a package of documents (including a copy of the Plan, the Meeting Order, the Third Report, the Notice of the Meeting and the Proxy- collectively, the “**Information Package**”) to all Affected Creditors by October 18, 2019 and make the same available on the Monitor’s website.
47. Before October 28, 2019, the Monitor shall publish the Notice of the Meeting in the Calgary Herald, The Globe and Mail, and the National Post.

Meeting

48. The Meeting will be held at 2:00 p.m. Calgary Time on November 29, 2019 at Dentons Canada LLP, 15th Floor, 850 - 2nd Street, SW, Calgary, Alberta (the “**Meeting Date**”) and Affected Creditors in person or proxy shall be entitled to vote on their claim pursuant to the Claims Procedure Order.
49. Where a Claim remains disputed at the time of the Meeting, it will be an “Unresolved Claim”. Unresolved Claims will be entitled to attend the Meeting and shall be entitled to one vote at the Meeting; however, the Monitor will keep a separate record of Unresolved Claims’ votes cast and report to the Court with respect thereto at the Sanction Hearing.

Monitor’s Observations of the Meeting Order

50. The Monitor believes that the proposed Meeting Order is reasonable and appropriate in the circumstances and provides a reasonable timeline to complete the procedures described and the Monitor is supportive of the timeline for the following reasons:
- a) Affected Creditors with Proven Claims will have a reasonable amount of time to review the Plan and subsequently seek advice prior to voting at the Meeting;

- b) The majority of the Information Package will be delivered by email, expediting the delivery to certain of the Company's creditors whose claims package may otherwise take some time to be received if sent by prepaid ordinary mail;
- c) The mechanism for dealing with disputed claims for voting is fair and reasonable, while providing sufficient time to sort out claim issues;
- d) Any Disputed Claim can be voted and there will be adequate time to resolve the claim prior to the Sanction Hearing; and
- e) The Meeting Order is in line with usual practices.

9. FEES AND DISBURSEMENTS OF THE MONITOR AND ITS COUNSEL

51. At the October 11, 2019 hearing the Company will be seeking approval of the fees of KPMG Inc., in its capacity as the Monitor and SISP Advisor, and those of its counsel for the CCAA Proceedings. Copies of the invoices described therein, including detailed time analysis, will be made available to the Court at the October 11, 2019 hearing if requested.

General Monitor Activities

52. The Monitor's fees and disbursements and those of its counsel in relation its activities in the CCAA Proceedings as discussed in the foregoing, from April 10, 2019 to August 31, 2019 are summarized in the table below:

Summary of General Monitor Activities				
Service Period	Fees and Disbursements	Technology and Support (7%)	GST (5%)	Total Amount
KPMG Inc.				
April 10 - April 18, 2019	34,140	2,390	1,826	38,356
April 19 - April 30, 2019	40,980	2,869	2,192	46,041
May 1 - May 10, 2019	45,425	3,180	2,430	51,035
May 11 - May 31, 2019	77,625	5,434	4,153	87,212
June 1 - June 30, 2019	18,830	1,318	1,007	21,156
July 1 - July 31, 2019	27,840	1,949	1,489	31,278
August 1 - August 31, 2019	45,355	2,412	2,388	50,155
Total KPMG Inc.	290,195	19,551	15,487	325,233
Torys LLP¹				
April 19 - April 30, 2019	19,705	-	985	20,690
June 1 - June 30, 2019	15,936	-	797	16,733
July 1 - July 31, 2019	7,737	-	387	8,124
August 1 - August 31, 2019	793	-	40	832
Total Torys LLP	44,171	-	2,209	46,380

(1) The service period reference is for the period it was charged as a disbursement on KPMG's invoice.

SISP Assistance

53. The SISP Advisor's fees and disbursements and those of its counsel in relation to its activities in the CCAA Proceedings as discussed in the foregoing, from April 10, 2019 to August 31, 2019 are summarized in the table below:

Summary of SISP Assistance				
Service Period	Fees and Disbursements	Technology and Support (7%)	GST (5%)	Total Amount
KPMG Inc.				
April 10 - April 18, 2019	29,400	2,058	1,573	33,031
April 19 - April 30, 2019	43,500	3,045	2,327	48,872
May 1 - May 10, 2019	100,440	5,771	5,311	111,521
May 11 - May 31, 2019	14,855	1,040	795	16,690
June 1 - June 30, 2019	26,700	1,869	1,428	29,997
July 1 - July 31, 2019	51,885	3,632	2,776	58,293
Total KPMG Inc.	266,780	17,415	14,210	298,404
Torys LLP¹				
June 1 - June 30, 2019	21,699	-	1,085	22,784
July 1 - July 31, 2019	10,936	-	547	11,483
August 1 - August 31, 2019	9,434	-	472	9,905
Total Torys LLP	42,069	-	2,103	44,172
<i>(1) The service period reference is for the period it was charged as a disbursement on KPMG's invoice.</i>				

10. THE COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

54. As described in its application materials filed on October 4, 2019 the Company is seeking an order extending the Stay Period (the “**Stay Extension Period**”) in order to finalize the following matters:
- a) Finalization and execution of the Plan;
 - b) Implementation of the Claims Process; and
 - c) Implementation of the Meeting Order and holding of the Meeting.
55. The Monitor considers the Stay Extension Period requested by the Company to be reasonable taking into account the above required steps.
56. The Monitor is of the view, based on the evidence before the Court, that the Company is acting in good faith and with due diligence.

11. CONCLUSION AND RECOMMENDATIONS

57. Based on the Monitor's review of the Plan, and subject to the Monitor's observations, set forth above, the Monitor respectfully recommends that this Honourable Court make an order approving:
- a) The activities of the Monitor and its counsel, Torys LLP, during the CCAA Proceedings, as set out in this Report;
 - b) The fees and disbursements of the Monitor, SISP Advisor, and its counsel, Torys LLP, during the CCAA Proceedings to August 31, 2019;
 - c) The Amended KERP terms;
 - d) The Plan;
 - e) The Claims Process;
 - f) The Meeting Order; and
 - g) The Stay Extension to December 31, 2019.

This Report is respectfully submitted this 4th day of October, 2019.

KPMG Inc.

**In its capacity as Monitor of
Strategic Oil & Gas Ltd. and Strategic Transmission Ltd.
and not in its personal or corporate capacity.**



Per: Neil Honess
Senior Vice President

APPENDIX "A"
CASH FLOW PROJECTION

STRATEGIC OIL & GAS LTD. and STRATEGIC TRANSMISSION LTD.
CASH FLOW PROJECTION FOR THE WEEKS OF SEPTEMBER 30 TO DECEMBER 23, 2019
 Unaudited (see the accompanying Notes to the Cash Flow Projection)
 \$000's CAD

For the Week	Notes	Week 1 30-Sep	Week 2 7-Oct	Week 3 14-Oct	Week 4 21-Oct	Week 5 28-Oct	Week 6 4-Nov	Week 7 11-Nov	Week 8 18-Nov	Week 9 25-Nov	Week 10 2-Dec	Week 11 9-Dec	Week 12 16-Dec	Week 13 23-Dec	Total 13 Weeks
Cash Receipts															
Production Revenue, net of oil royalties and transportation	1	-	-	-	1,568	-	-	-	-	1,420	-	-	-	1,398	4,385
Other receipts	2	10	10	10	10	10	10	10	10	10	10	10	10	10	130
Total Cash Receipts		10	10	10	1,578	10	10	10	10	1,430	10	10	10	1,408	4,515
Cash Disbursements															
Royalties	3	-	-	-	-	11	-	-	-	11	-	-	-	11	33
Property taxes		110	-	-	-	-	110	-	-	-	110	-	-	-	330
Operating, capital & regulatory expenditures	4	254	596	299	596	-	138	517	163	473	159	302	159	257	3,913
Payroll	5	-	108	-	-	108	-	108	-	108	-	103	-	103	639
General & administrative costs	6	9	-	91	-	9	-	-	76	-	9	-	79	-	272
Interest and taxes	7	-	-	-	-	-	-	-	-	450	-	-	-	-	450
Contingency		100	100	100	100	100	100	100	100	100	100	100	100	100	1,300
Total Cash Disbursements		473	804	490	696	228	348	726	339	1,142	378	505	338	471	6,937
Cash Flow From Operations		(463)	(794)	(480)	882	(218)	(338)	(716)	(329)	288	(368)	(495)	(328)	937	(2,421)
Restructuring Fees	8	-	-	-	185	-	-	-	10	-	-	-	-	-	195
Net Change in Cash		(463)	(794)	(480)	697	(218)	(338)	(716)	(339)	288	(368)	(495)	(328)	937	(2,616)
Opening cash		5,884	5,421	4,627	4,147	4,844	4,627	4,288	3,573	3,234	3,522	3,154	2,659	2,331	5,884
Ending Cash		5,421	4,627	4,147	4,844	4,627	4,288	3,573	3,234	3,522	3,154	2,659	2,331	2,268	3,268
Key Employee Retention Plan	9														
Opening cash		1,005	754	754	754	503	503	503	503	-	-	-	-	-	1,005
Scheduled payment		251	-	-	251	-	-	-	503	-	-	-	-	-	1,005
Total Restricted Cash		754	754	754	503	503	503	503	-	-	-	-	-	-	-

Notes

- Production revenue is net of oil royalties. Estimated average is 1,250 boe/d for Sept-Nov 2019 (81% oil). Commodity pricing is the forward strip as of Sept 6 (WTI oil = US \$58.31/bbl, AECO gas = \$1.37/GJ)
- Includes the receipt of restricted cash related to the KERF
- Natural gas & NGL royalties only, paid 90 days after the production period. Oil royalties are taken in kind
- Operating expense forecasts are based on historical operating costs for the Company's assets. The majority of operating costs are fixed. Capital and regulatory expenditures are based on estimated costs for capital projects which are required for regulatory compliance or safety purposes.
- Payroll is for key permanent employees who are essential to the Company's field and office operations, and includes a credit for receipt of restricted funds from the KERF plan.
- General and administrative expense forecasts are based on historical office expenses, excluding fees related to public company reporting and securities requirements.
- Interest is paid on \$15 million first lien financing at 12% on a quarterly basis, subject to further review.
- Estimated amounts, less retainers paid previously.
- Funds for the KERF are segregated from existing funds. Restricted cash is the KERF funding.

APPENDIX "B"
AMENDED KERP

Clerk's stamp:

COURT FILE NUMBER 1901-05089

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

IN THE MATTER OF THE BUSINESS CORPORATIONS
ACT, R.S.A. 2000, c. B-9, as amended

AND IN THE MATTER OF THE PLAN OF COMPROMISE
OR ARRANGEMENT OF STRATEGIC OIL & GAS LTD.
and STRATEGIC TRANSMISSION LTD.

APPLICANTS STRATEGIC OIL & GAS LTD. and STRATEGIC
TRANSMISSION LTD.

DOCUMENT ORDER (STAY EXTENSION, AMENDED KERP)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

Dentons Canada LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David W. Mann and Afshan Naveed
Ph. (403) 268-7097 / 403-268-7015 Fx. (403) 268-3100
File No.: 575553-3

DATE ON WHICH ORDER WAS
PRONOUNCED: October 11, 2019

LOCATION WHERE ORDER WAS
PRONOUNCED: Calgary, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice C. Dario

UPON the application of **Strategic Oil & Gas Ltd.** and **Strategic Transmission Ltd.** (collectively the "**Applicants**"); **AND UPON** having read the Application, the Affidavit of Amanda Reitenbach, sworn October 4th, 2019 (the "**Affidavit**"), the Third Report of KPMG Inc. (the "**Third Report**"), the Court-appointed Monitor of the Applicants (the "**Monitor**"), and the Affidavit of Service of _____, all filed, and such other

material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Applicants, counsel for the Monitor, and counsel for other interested parties and stakeholders present;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted by Madam Justice K.M. Horner in this Action, dated April 10, 2019 (the "Initial Order").

Stay

3. The Stay Period as ordered and defined in paragraph 13 of the Initial Order and thereafter extended pursuant to Orders granted May 6, 2019, May 9, 2019, and September 20, 2019 is hereby further extended until and including December 31, 2019.

KERP

4. The KERP, as set out in Exhibit J of the Affidavit of Remi Anthony (Tony) Berthelet, sworn April 9, 2019 and approved in paragraph 19 of the Initial Order is hereby amended to change how the final installment is to be paid by deleting the portion dealing with the "Final Installment" on page 2 of the KERP and replacing it with:

"Final Installment": is to be paid in two equal parts.

Firstly, as part of the Eligible Employees' payroll for the period immediately following the earlier of:

1. the Court in the CCAA proceedings granting a sanction order with respect to the plan of compromise and arrangement sought by Strategic (the "Plan"); or
2. the Monitor filing material in the CCAA Proceedings advising the Court that the Plan has not been approved by the Required Majorities (as defined in the Plan).

("Part A"); and

Secondly, as part of the Eligible Employees' payroll for the period immediately following the earlier of:

1. the Plan Implementation Date (as defined in the Plan); or
2. December 20, 2019;

("Part B", together with Part A, the "Final Installment")."

Service

5. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - (b) Posting a copy of this Order on the Monitor's website, established for these proceedings and service on any other person is hereby dispensed with.
6. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

APPENDIX "C"
CLAIMS PROCESS

Clerk's stamp:

COURT FILE NUMBER 1901-05089

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

IN THE MATTER OF THE BUSINESS CORPORATIONS
ACT, R.S.A. 2000, c. B-9, as amended

AND IN THE MATTER OF THE PLAN OF COMPROMISE
OR ARRANGEMENT OF STRATEGIC OIL & GAS LTD.
and STRATEGIC TRANSMISSION LTD.

APPLICANTS STRATEGIC OIL & GAS LTD. and STRATEGIC
TRANSMISSION LTD.

DOCUMENT ORDER (CLAIMS PROCEDURE)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT Dentons Canada LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David W. Mann and Afshan Naveed
Ph. (403) 268-7097 / 403-268-7015 Fx. (403) 268-3100
File No.: 575553-3

DATE ON WHICH ORDER WAS PRONOUNCED: October 11, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice C. Dario

UPON the application of **Strategic Oil & Gas Ltd.** and **Strategic Transmission Ltd.** (collectively the "**Applicants**"); **AND UPON** having read the Application, the Affidavit of Amanda Reitenbach, sworn October 4, 2019 (the "**Reitenbach Affidavit**"), the Third Report of KPMG Inc. (the "**Third Report**"), the Court-appointed Monitor of the Applicants (the "**Monitor**"), and the Affidavit of Service of _____, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON**

hearing counsel for the Applicants, counsel for the Monitor, and counsel for other interested parties and stakeholders present;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted by Madam Justice K.M. Horner in this Action, dated April 10, 2019 (the "Initial Order").

Claims Procedure

3. The claims procedure established hereunder is applicable to all "**Claims**" against the Applicants, specifically:
 - (a) as such term is defined in the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**");
 - (b) all "**Equity Claims**", as such term is defined in the CCAA; and
 - (c) all Claims against directors and officers of the Applicants;(collectively the "**Claims**").
4. For clarity:
 - (a) this claims procedure does not apply to regulatory obligations owed or owing by the Applicants ("**Regulatory Obligations**") to any regulator, government or governmental body (collectively, a "**Regulator**"), including with respect to any financial security held by any Regulator in support of Regulatory Obligations; and
 - (b) the definition of Claims excludes all Regulatory Obligations.
5. Pursuant to s. 20 of the CCAA, the Applicants, with the assistance of the Monitor, will conduct a proof of claims procedure to identify all parties who have a Claim against the Applicants (the "**Claimants**").
6. All Claims of the Claimants shall be proven in accordance with the procedures outlined herein and in the Notice to Creditors in a form substantially the same as that attached hereto as **Schedule "A"** (the "**Notice to Creditors**").
7. The Applicants, with the assistance of the Monitor, are authorized and directed to implement the procedures outlined herein, and in the Notice to Creditors (collectively, the "**Claims Procedure**"), as follows:
 - (a) The Monitor, with the assistance of the Applicants, shall send to the Claimants and other potential affected creditors (collectively referred to as "**Affected Creditors**") of which the Applicants or the Monitor are aware, a copy of:

- (i) the Notice to Creditors; and
- (ii) a Proof of Claim form and related instruction letter substantially in the form attached hereto as **Schedule "B"** (the "**Proof of Claim**"),

(collectively, the "**Proof of Claim Document Package**");

by no later than October 18, 2019 by ordinary mail, courier, facsimile or electronic transmission.

- (b) The Applicants, with the assistance of the Monitor, shall publish a notice to Affected Creditors (the "**Notice to Affected Creditors**") of the Claims Procedure on two separate dates prior to October 25, 2019 in each of the Calgary Herald, the National Post and the Daily Oil Bulletin. The Notice to Affected Creditors will be in a form substantially the same as that attached hereto as **Schedule "C"**.
- (c) The Monitor shall also post electronic copies of the Notice to Affected Creditors, the Proof of Claim Document Package and the Claims Procedure Order on the Monitor's website at <http://home.kpmg/ca/strategic> as soon as practically possible after October 11, 2019.
- (d) Affected Creditors must submit their Proofs of Claim to the Monitor to be received prior to 5:00 p.m. (Mountain Daylight Time) on November 15, 2019 (the "**Claims Bar Date**"). The Monitor will supervise the receipt and collection of the Proofs of Claim and, in conjunction with the Applicants, will review each Proof of Claim submitted by the Claims Bar Date.
- (e) All Affected Creditors that do not submit a Proof of Claim with the Monitor on or before the Claims Bar Date or such later date as this Honourable Court may otherwise order, will:
 - (i) not be entitled to attend or vote at any creditors' meeting;
 - (ii) not be entitled to receive any distribution under any plan of compromise or arrangement (a "**Plan**"); and
 - (iii) be forever barred from making or enforcing any Claim against the Applicants and that Claim will be forever extinguished.

Secured Creditors

- 8. With respect to any Proof of Claim filed by a Claimant alleging a secured or proprietary interest in any of the undertaking, property, and assets of the Applicants (including without limitation: (i) Claimants with a lien in accordance with the provisions of the *Builders' Lien Act* (Alberta) (a "**Secured Claim**"), the Monitor, in conjunction with the Applicants, will, within 30 days of the Affected Creditor filing its Proof of Claim either:
 - (a) accept the Claim as set out in the Proof of Claim in its entirety;
 - (b) revise the amount, secured status, or any priority of the Proof of Claim for voting and/or distribution purposes; or
 - (c) disallow the Claim as set out in the Proof of Claim for voting and/or distribution purposes.
- 9. If the Applicants, with the assistance of the Monitor, dispute the amount, secured status, or priority of a Secured Claim set out in a Proof of Claim, the Monitor, with the assistance of the Applicants, will concurrently send a notice of revision or disallowance, substantially in the form

attached hereto as **Schedule "D"** (the "**Notice of Revision or Disallowance**"), to the Affected Creditor by registered mail, courier, facsimile or electronic mail and whereupon the Notice of Revision or Disallowance will be deemed to have been received on the following business day.

10. Any Secured Creditor that intends to dispute its Claim as set out in the Notice of Revision or Disallowance must deliver a dispute notice, substantially in the form attached hereto as **Schedule "E"** (the "**Dispute Notice**"), by prepaid registered mail, personal delivery, courier, facsimile or electronic mail to the Monitor no later than 14 days from the date the Notice of Revision or Disallowance was received or such later date as the Monitor and the Applicants may agree to in writing or as ordered by this Honourable Court.
11. If a Secured Creditor does not deliver a Dispute Notice in accordance with the preceding paragraph, the Claim shall be deemed accepted at the amount set forth in the Notice of Revision or Disallowance and, unless otherwise ordered by this Honourable Court, the Affected Creditor will:
 - (a) where the entire Claim is disallowed:
 - (i) not be entitled to attend or vote at any creditors' meeting;
 - (ii) not be entitled to receive any distribution under any Plan; and
 - (iii) be forever barred from making or enforcing any Claim against the Applicants and that Claim will be forever extinguished; or
 - (b) where the Claim has been revised:
 - (i) only be entitled to attend or vote at any creditors' meeting to the extent of the revised amount, revised status, or revised priority;
 - (ii) only be entitled to receive any distribution under any Plan in an amount proportional to the revised amount, revised status, or revised priority; and
 - (iii) be forever barred from making or enforcing any Claim greater than the revised amount, revised status, or revised priority against the Applicants and the amount of the Claim reduced by the revision will be forever extinguished.
12. The Applicants, with the assistance of the Monitor, may attempt to consensually resolve any Dispute Notice for voting and/or distribution purposes, as the case may be, with the Secured Creditor. If same cannot be resolved, the Applicants or the Monitor shall apply to the Court within 20 days of their receipt of the Dispute Notice for a determination of the value, secured status, and priority of such Secured Claim by filing with this Honourable Court an Application and serving it upon the Monitor or the Applicants, as the case may be, and the Secured Creditor, as applicable.
13. Any time limitation set forth in paragraphs 7 - 11 of this Order may be extended by written agreement of the Monitor, the Applicants and the Secured Creditor or by Order of this Honourable Court.

Other Affected Creditors

14. With respect to Claims of all Affected Creditors, other than Secured Claims, the Applicants, with the assistance of the Monitor, will either:
 - (a) accept the Claim as set out in the Proof of Claim in its entirety;

- (b) revise the amount or any priority of the Proof of Claim for voting and/or distribution purposes; or
 - (c) disallow the Claim as set out in the Proof of Claim for voting and/or distribution purposes.
15. The Applicants will, with the assistance of the Monitor, provide to each Affected Creditor filing a Proof of Claim a notice in writing indicating whether the Affected Creditor's Claim is accepted, disputed in whole or disputed in part. If the Applicants, in conjunction with the Monitor, dispute the amount or priority of a Claim set out in a Proof of Claim, the Monitor will send a Notice of Revision or Disallowance to the Affected Creditor.
16. Any Affected Creditor that intends to dispute its Claim as set out in the Notice of Revision or Disallowance must deliver a Dispute Notice by prepaid registered mail, personal delivery, courier, facsimile or electronic mail to the Monitor no later than 14 days after their receipt of the Dispute of Revision or Disallowance.
17. If an Affected Creditor does not deliver a Dispute Notice in accordance with the preceding paragraph, it shall be deemed to have accepted the Notice of Revision or Disallowance and, unless otherwise ordered by this Honourable Court, will:
- (a) where the entire Claim is disallowed:
 - (i) not be entitled to attend or vote at any creditors' meeting;
 - (ii) not be entitled to receive any distribution under any Plan; and
 - (iii) be forever barred from making or enforcing any Claim against the Applicants and that Claim will be forever barred and extinguished; or
 - (b) where the Claim has been revised:
 - (i) only be entitled to attend or vote at any creditors' meeting to the extent of the revised amount or priority;
 - (ii) only be entitled to receive any distribution under any Plan in an amount proportional to the revised amount or in accordance with the revised priority; and
 - (iii) be forever barred from making or enforcing any Claim greater than the revised amount against the Applicants and the amount of the Claim reduced by the revision will be forever extinguished.
18. The Applicants, with the assistance of the Monitor, may attempt to consensually resolve any Dispute Notice for voting and/or distribution purposes, as the case may be, with the Affected Creditor. If same cannot be resolved, the Applicants or the Monitor may apply to the Court for a determination of the value and priority of such Claim for voting and/or distribution purposes, as the case may be, by filing with this Honourable Court an Application and serving it upon the Monitor or the Applicants, as the case may be, and the Affected Creditor, as applicable. If no application is brought by the Applicants or the Monitor, within 20 days, and the dispute remains unresolved, the Affected Creditor may serve on the Applicants, with a copy to the Monitor, an application returnable within seven days before the Court of Queen's Bench of Alberta in these proceedings for the determination of the Claim in dispute.
19. For the purposes of any Plan, the amount of the Claim allowed by the Monitor pursuant to paragraphs 8 and 14 herein, either in its entirety or in a revised amount, shall be the "**Voting Claim**" for that specific Affected Creditor.

Miscellaneous

20. The Applicants and the Monitor are hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claims and Dispute Notices are completed and executed and may, if they are satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of the Claims Procedure.
21. The Applicants and the Monitor are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.
22. The Applicants and the Monitor are hereby authorized and directed to do all such acts and things, and execute such deeds and documents, as are necessary or appropriate to give full effect to the provisions of this Order.

Service

23. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - (b) Posting a copy of this Order on the Monitor's website, established for these proceedings and service on any other person is hereby dispensed with.
24. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

APPENDIX "D"

PLAN OF COMPROMISE AND ARRANGEMENT

CLERK'S STAMP

COURT FILE NUMBER

1901 – 05089

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

IN THE MATTER OF THE *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, as amended

AND IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF STRATEGIC
OIL & GAS LTD. and STRATEGIC TRANSMISSION
LTD.

DOCUMENT

PLAN OF COMPROMISE AND ARRANGEMENT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

DENTONS CANADA LLP
15th Floor, Bankers Court
850 – 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David Mann
Telephone No.: 403-268-7097
Fax No.: 403-268-3100

**PLAN OF COMPROMISE AND ARRANGEMENT
OF STRATEGIC OIL & GAS LTD.**

pursuant to the *Companies' Creditors Arrangement Act (Canada)*

WHEREAS Strategic Oil & Gas Ltd. ("**SOG**" or the "**Applicant**") is a debtor company under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**");

AND WHEREAS the Applicant obtained an initial order (as may be amended, restated or varied from time to time, the "**Initial Order**") of the Court of Queen's Bench of Alberta (the "**Court**") under the CCAA entered May 6, 2019 (the "**Filing Date**");

AND WHEREAS the Applicant hereby proposes and presents this plan of compromise and arrangement under and pursuant to the CCAA:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan, unless otherwise stated or unless the subject matter or context otherwise requires:

"**Affected Claim**" means any Claim that is not an Unaffected Claim, and, for certainty, includes Unsecured Claims, Equity Claims and the Note Obligations;

"**Affected Creditor**" means any holder of an Affected Claim (or its permitted assignee), but only with respect to and to the extent of such Affected Claim;

"**Agent**" means GMT Capital Corp., in its capacity as agent for and on behalf of the Noteholders;

"**Allowed**" means, with respect to a Claim, any Claim or any portion thereof that has been finally allowed pursuant to the Claims Procedure Order for purposes of voting on and receiving distributions under this Plan in accordance with the Claims Procedure Order or a Final Order of the Court;

"**Amended Plan**" has the meaning set out in Section 10.5;

"**Anticipated Implementation Date**" means December 6, 2019, or such other date as may be agreed by the Applicant, the Monitor and the Noteholders;

"**Applicable Law**" means any law, statute, order, decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada or any other country, of any domestic or foreign nation, province, territory, state, city or other political subdivision or of any Governmental Entity;

"**Applicant**" has the meaning ascribed thereto in the recitals;

"**BIA**" means the *Bankruptcy and Insolvency Act (Canada)*, as amended;

"**Business Day**" means a day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for the transaction of commercial business in Calgary, Alberta;

"**Cash Pool**" means an aggregate sum of cash equal to \$1,315,000 to be established on the Plan Implementation Date pursuant to Section 4.1;

"**CCAA**" has the meaning ascribed thereto in the recitals;

"**CCAA Proceeding**" means the proceeding commenced by the Applicant under the CCAA on the Filing Date;

"**Charges**" means the Administration Charge, the Directors' Charge and the KERP Charge, each as defined in the Initial Order, and any other charges on the property of the Applicant granted by further Order of the Court;

"**Claim**" has the meaning ascribed thereto in the Claims Procedure Order;

"**Claims Procedure Order**" means the Order of the Court under the CCAA dated October 11, 2019, establishing a claims procedure in respect of the Applicant, as the same may be amended, restated or varied from time to time;

"**Counsel**" means Dentons Canada LLP, as counsel to the Applicant, Bennett Jones LLP, as counsel to the Agent, and Torys LLP, as counsel to the Monitor;

"**Court**" has the meaning ascribed thereto in the recitals;

"**Creditor**" means any Person having a Claim, but only with respect to and to the extent of such Claim, including the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver-manager or other Person acting on behalf of or through such Person;

"**Directors**" means all current and former directors of the Applicant (or their estates), in such capacity;

"**Disposition Transaction**" means the sale by the Applicant of its Cameron Hills properties in the Northwest Territories pursuant to that certain Asset Purchase Agreement dated as of August 27, 2019 between the Applicant and the purchaser, as to be approved by the Court in the CCAA Proceeding;

"**Disputed Distribution Claim**" means an Affected Claim (including a contingent Affected Claim which may crystallize upon the occurrence of an event or events occurring after the Filing Date) or such portion thereof which has not been Allowed, which is disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order but, for certainty, does not include any Equity Claims;

"**Disputed Distribution Claims Reserve**" means the reserve, if any, to be established by the Applicant on the Plan Implementation Date, which shall be comprised of the consideration that would have been paid to holders of Disputed Distribution Claims if such Disputed Distribution

Claims had been Allowed Claims as of such date and which shall be acceptable to the Applicant, the Monitor and the Noteholders;

"Distribution Date" means the date or dates, excluding the Initial Distribution Date, determined by the Applicant and the Monitor (unless previously discharged) from time to time on which to effect subsequent distributions in respect of Allowed Claims (including any Disputed Distribution Claim that becomes an Allowed Unsecured Claim pursuant to the provisions of this Plan);

"Effective Time" means 12:01 a.m. (Calgary time) on the Plan Implementation Date, or such other time on such date as the Applicant and the Noteholders may agree;

"Employee Amounts" means all outstanding wages, salaries and employee benefits (including employee medical, dental, disability, life insurance and similar benefit plans or arrangements, incentive plans, share compensation plans and employee assistance programs and employee or employer contributions in respect of pension or group savings plans, and other benefits), vacation pay, commissions, bonuses and other incentive payments, termination and severance payments, and employee expenses and reimbursements, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all equivalent amounts related to individuals who perform employment-like services for the Applicant as contractors;

"Encumbrance" means any charge, mortgage, lien, pledge, claim, restriction, hypothec, adverse interest, security interest or other encumbrance, whether created or arising by agreement, statute or otherwise at law, attaching to property, interests or rights, and shall be construed in the widest possible terms and principles known under the law applicable to such property, interests or rights and whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of Alberta;

"Equity Claim" means a Claim that is an "equity claim" within the meaning of section 2(1) of the CCAA, and, for certainty, includes (i) any claims resulting from the ownership, acquisition or or disposition of an Equity Interest, and (ii) any indemnification claims against the Applicant related to or arising from (i) above;

"Equity Claimant" means any Person with an Equity Claim or holding an Equity Interest, but only in such capacity, and for certainty includes an Existing Shareholder in its capacity as such;

"Equity Interests" has the meaning ascribed thereto in section 2(1) of the CCAA and, for certainty, includes the Existing Shares, the Options and any other interest in or entitlement to shares in the capital of SOG, and for certainty does not include any New Shares issued on the Plan Implementation Date pursuant to this Plan;

"Existing Shares" means all shares in the capital of SOG, of any class or series, that are issued and outstanding immediately before the Effective Time, and for certainty does not include any New Shares issued on the Plan Implementation Date pursuant to this Plan;

"Existing Shareholder" means any Person who holds or is entitled to Existing Shares immediately before the Effective Time, but only in such capacity, and for certainty does not

include any Person that is issued New Shares on the Plan Implementation Date pursuant to this Plan, in such capacity;

"**Filing Date**" has the meaning ascribed thereto in the recitals;

"**Final Order**" means any order, ruling or judgment of the Court, or any other court of competent jurisdiction, which has not been reversed, modified or vacated, and is not subject to any stay, and in respect of which all applicable appeal periods shall have expired and any appeals therefrom shall have been disposed of by the applicable appellate court;

"**Fractional Interests**" has the meaning ascribed to such term in Section 4.8;

"**Government Priority Claims**" means all Claims of Governmental Entities against the Applicant in respect of amounts that are outstanding and that are of a kind that could reasonably be subject to a demand under:

- (a) subsection 224(1.2) of the Tax Act;
- (b) any provision of the *Canada Pension Plan* or the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the Tax Act and provides for the collection of a contribution as defined in the *Canada Pension Plan*, or employee's premium or employer's premium as defined in the *Employment Insurance Act* (Canada), or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Tax Act, or that refers to that subsection, to the extent that such provision provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Tax Act; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

"**Governmental Entity**" means any government, regulatory authority, government department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making body or entity: (a) having jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"Initial Distribution Date" means the Plan Implementation Date or such other date as the Applicant, the Monitor and the Noteholders may agree;

"Initial Order" has the meaning ascribed thereto in the recitals;

"Meeting" means the meeting of Affected Creditors to be held on the Meeting Date called for the purpose of considering and voting on this Plan pursuant to the CCAA, and includes any adjournment, postponement or other rescheduling of such meeting, in accordance with the Meeting Order;

"Meeting Date" means the date on which the Meeting is held in accordance with the Meeting Order;

"Meeting Order" means the Order of the Court under the CCAA dated October 11, 2019, accepting the filing of this Plan and establishing the date for the Meeting and the procedures to be followed in connection therewith, as the same may be amended, restated or varied from time to time;

"Monitor" means KPMG Inc., as Court-appointed Monitor of the Applicant in the CCAA Proceeding;

"New Credit Facility" means the agreement providing for a \$30,000,000 demand credit facility between the Agent, the Noteholders and SOG, to be entered into as a condition precedent to implementation of this Plan;

"New Shares" means the new shares in the capital of SOG to be issued on the Plan Implementation Date pursuant to the provisions of this Plan;

"Note Purchase Agreements" means the note purchase agreements, each dated November 27, 2018, between SOG, as issuer, and the Noteholders, as purchasers, pursuant to which the Notes were issued, as such agreements may be amended, restated, varied or supplemented in accordance with their terms;

"Note Obligations" means all obligations, liabilities and indebtedness of the Applicant to the Noteholders and the Agent under, or arising from or in connection with, the Notes and the Note Purchase Agreements as at the Plan Implementation Date;

"Noteholder" means a holder of Notes, in such capacity;

"Noteholder Claim" means a Claim of the Agent and/or the Noteholders in respect of the Notes, the Note Purchase Agreements or any other obligation of SOG the performance of which is secured by Encumbrances granted by the Applicant in favour of the Agent and/or the Noteholders to secure the Applicant's obligations under the Notes and the Note Purchase Agreements;

"Notes" means the \$15,000,0000 aggregate principal amount of 12% senior secured notes due May 27, 2020 issued by SOG pursuant to the Note Purchase Agreements;

"**Officers**" means all current and former officers of the Applicant (or their estates), in such capacity;

"**Options**" means any options, warrants, rights, privileges, puts, calls, subscriptions or other rights, entitlements, agreements, arrangements, commitments or claims of any kind (whether pre-emptive, contingent, conditional or otherwise) obligating the Applicant to sell or otherwise issue, or to purchase or otherwise acquire, shares or other securities of the Applicant, or any securities or obligations of any kind exercisable, convertible or exchangeable into or for shares or other securities of the Applicant, in each case that are existing or are issued and outstanding immediately before the Effective Time, and any rights, entitlements, agreements, arrangements, commitments or claims of any kind to receive any other form of consideration in respect of any prior or future exercise, conversion or exchange of any of the foregoing;

"**Order**" means any order, ruling or judgment of the Court or any other court of competent jurisdiction made in connection with the CCAA Proceeding;

"**Person**" includes any individual, firm, corporation, body corporate (with or without share capital), limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture or Governmental Entity, or any agency, officer or instrumentality thereof or of any other entity;

"**Plan**" means this Plan of Compromise and Arrangement filed by the Applicant under the CCAA, as it may be amended, supplemented or restated from time to time in accordance with the provisions hereof, the Meeting Order and any further Order;

"**Plan Implementation Date**" means the Business Day on which this Plan becomes effective, which shall be the Business Day on which the Monitor delivers to the Applicant and to Bennett Jones LLP, on behalf of the Agent and the Noteholders, the certificate referred to in Section 9.2;

"**Post-Filing Trade Payables**" means trade payables that were incurred by the Applicant in the ordinary course of business (i) after the Filing Date but before the Plan Implementation Date and (ii) in compliance with the Initial Order and any other Orders issued in connection with the CCAA Proceeding;

"**Prior Ranking Secured Claims**" means Claims existing on both the Filing Date and the Plan Implementation Date including Claims secured by the Charges, that in each case have the benefit of a valid and enforceable security interest in, mortgage or charge over, lien against or other similar interest in, any assets that the Applicant owns or to which the Applicant is entitled, but only to the extent of the realizable value of the assets subject to such security;

"**Proof of Claim**" has the meaning ascribed thereto in the Claims Procedure Order;

"**Recapitalization**" means the transactions contemplated by this Plan, including the Disposition Transaction;

"**Released Claim**" has the meaning ascribed to such term in Section 7.1;

"**Released Party**" and "**Released Parties**" have the meanings ascribed to such terms in Section 7.1;

"**Required Majority**" means, in respect of the Meeting, a majority in number of Affected Creditors of each class with Voting Claims, representing at least two-thirds in value of the Voting Claims of Affected Creditors of such class entitled to be voted at the Meeting in accordance with the Meeting Order, present and voting either in person or by proxy at the Meeting on the resolution approving this Plan;

"**Sanction Date**" means the date that the Sanction Order is made by the Court;

"**Sanction Order**" means the Order of the Court sanctioning and approving this Plan pursuant to section 6 of the CCAA;

"**SOG**" has the meaning ascribed thereto in the recitals;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Unaffected Claim**" means any Claim that is:

- (a) secured by any of the Charges;
- (b) in respect of a Post-Filing Trade Payable;
- (c) a Prior Ranking Secured Claim;
- (d) not permitted to be compromised pursuant to section 19(2) of the CCAA, but only to the extent not permitted;
- (e) in respect of an Employee Amount (other than in respect of Options); or
- (f) a Government Priority Claim;

"**Unaffected Creditor**" means a Creditor who has an Unaffected Claim, but only with respect to and to the extent of such Unaffected Claim;

"**Undeliverable Distribution**" has the meaning ascribed to such term in Section 4.6;

"**Unsecured Claims**" means all Affected Claims that are not Noteholder Claims or Equity Claims;

"**Unsecured Creditor**" means any holder of an Unsecured Claim (or its permitted assignee), but only with respect to and to the extent of such Unsecured Claim;

"**Voting Claim**" has the meaning ascribed thereto in the Claims Procedure Order; and

"Website" means the website maintained by the Monitor in respect of the CCAA Proceeding at <http://home.kpmg/ca/strategic>.

1.2 Certain Rules of Interpretation

For the purposes of this Plan:

- (a) any reference in this Plan to an Order, document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented in accordance with its terms, any Orders and this Plan, as applicable;
- (b) unless otherwise specified, all references to currency are in Canadian dollars;
- (c) the division of this Plan into "articles" and "sections" are for convenience of reference only and do not affect the construction or interpretation of this Plan, and the descriptive headings of "articles" and "sections" are not intended as complete or accurate descriptions of the content thereof;
- (d) the use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;
- (e) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (f) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Calgary, Alberta and any reference to an event occurring on a Business Day shall mean before 5:00 p.m. (Calgary time) on such Business Day;
- (g) unless otherwise specified herein or in the Meeting Order, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (h) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

- (i) references to a specified "article" or "section" shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of this Plan, whereas the terms "this Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and not to any particular "article", "section" or other portion of this Plan and include any Amended Plan; and
- (j) the word "or" is not exclusive.

1.3 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of any Person named or referred to in this Plan.

1.4 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the jurisdiction of the Court.

ARTICLE 2 PURPOSE AND EFFECT OF PLAN

2.1 Purpose

The purpose of this Plan is:

- (a) to implement the Recapitalization, which will significantly reduce the Applicant's indebtedness and provide the Applicant with essential financing to address its current and future liquidity needs;
- (b) to provide for a settlement of all Allowed Affected Claims;
- (c) to effect a release and discharge of all Affected Claims and Released Claims; and
- (d) to ensure the continued viability and ongoing operations of the Applicant,

in the expectation that the Persons who have an economic interest in the Applicant, when considered as a whole, will derive a greater benefit from the implementation of this Plan than would result from a bankruptcy of the Applicant.

2.2 Persons Affected

This Plan provides for (i) a full and final release and discharge of the Affected Claims and Released Claims, (ii) a settlement of, and consideration for, all Allowed Unsecured Claims, and (iii) a recapitalization of the Applicant. This Plan will become effective commencing at the Effective Time in accordance with its terms, and shall be binding on the Applicant, all Affected

Creditors (including Equity Claimants), all Released Parties and all other Persons named or referred to in, or subject to, this Plan.

2.3 Persons Not Affected

This Plan does not affect the Unaffected Creditors. Nothing in this Plan shall affect the Applicant's obligations, rights and defences, both legal and equitable, with respect to any Unaffected Claims, including all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims. For certainty, the regulatory authority and discretion of the Alberta Energy Regulator and the Government of the Northwest Territories with respect to the assets and operations of the Applicant is not intended to be affected by this Plan.

ARTICLE 3

CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS

3.1 Claims Procedure

The procedure for determining the validity and quantum of the Affected Claims for voting and distribution purposes under this Plan shall be governed by the Claims Procedure Order, the Meeting Order, the CCAA, this Plan and any further Order of the Court.

3.2 Classification of Affected Claims

In accordance with the Meeting Order, for the purpose of voting on this Plan, the Affected Claims are divided into classes as set out below:

Affected Creditors Class	Affected Claims
Noteholder Class	Noteholder Claims
Unsecured Class	Unsecured Claims

For certainty, Equity Claimants shall not be entitled to vote on this Plan or to receive any distributions hereunder.

3.3 Creditors' Meeting

The Meeting shall be held in accordance with the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Meeting are those specified in the Meeting Order.

3.4 Treatment of Unsecured Claims and Noteholder Claims

An Affected Creditor (other than an Equity Claimant) shall receive distributions in respect of its Affected Claim as set forth below only to the extent that such Claim is an Allowed Affected Claim and has not been paid, released, discharged or otherwise satisfied before the Plan Implementation Date.

On the Plan Implementation Date, in accordance with the steps, and at the times and in the sequence, set forth in Section 5.4, and in full and final satisfaction of all Affected Claims:

Unsecured Creditors:

- (a) each Unsecured Creditor will receive an amount from the Cash Pool equal to (i) the entire amount of its Allowed Unsecured Claim up to \$2,000, plus (ii) to the extent that its Allowed Unsecured Claim exceeds \$2,000, its pro rata share of funds remaining in the Cash Pool after subtraction of all amounts contemplated by clause (i) and subject to any Disputed Distribution Claim Reserve as provided herein;

Noteholders:

- (b) the Noteholders shall accept, in full and final settlement of \$1,000,000 aggregate principal amount of the Notes and the entire balance of the Noteholder Claims, the New Shares and new indebtedness under the New Credit Facility in a principal amount equal to the amount, if any, by which the aggregate Noteholder Claims exceed the fair market value of the New Shares,

all as more particularly set out in Sections 4.1, **Error! Reference source not found.** and 5.4.

All Unsecured Claims and Noteholder Claims shall be fully, finally, irrevocably and forever compromised, settled, released, discharged, extinguished, cancelled and barred on the Plan Implementation Date in accordance with the steps, and at the times and in the sequence, set forth in Section 5.4.

3.5 Treatment of Equity Claims

On the Plan Implementation Date, in accordance with the steps, and at the times and in the sequence, set forth in Section 5.4, all Equity Claims and Equity Interests shall be fully, finally, irrevocably and forever compromised, settled, released, discharged, extinguished, cancelled and barred. Equity Claimants shall not receive any consideration or distributions under this Plan or otherwise recover anything in respect of their Equity Claims or Equity Interests, and shall not be entitled to vote on this Plan at the Meeting in respect of their Equity Claims.

3.6 Treatment of Unaffected Claims

Unaffected Creditors will not receive any consideration or distributions under this Plan in respect of their Unaffected Claims, and shall not be entitled to vote on this Plan at the Meeting in respect of their Unaffected Claims.

3.7 Disputed Distribution Claims

Any Unsecured Creditor with a Disputed Distribution Claim shall not be entitled to receive any distribution hereunder, unless and until such Claim becomes an Allowed Affected Unsecured Claim. A Disputed Distribution Claim shall be resolved in accordance with the Claims Procedure Order. Distributions as contemplated in Section 3.4 shall be paid from the Disputed Distribution Claims Reserve in accordance with Section 6.2 in respect of any Disputed

Distribution Claim that is finally determined to be an Allowed Affected Unsecured Claim in accordance with the Claims Procedure Order.

3.8 Extinguishment of Claims

On the Plan Implementation Date, at the times and in the sequence set forth in Section 5.4 and in accordance with the provisions of the Sanction Order, the treatment of Affected Claims (including Disputed Distribution Claims), Equity Interests and Released Claims, in each case as set forth herein, shall be final and binding on the Applicant, all Affected Creditors (and their respective heirs, executors, administrators, personal representatives, successors and assigns) and any Person holding an Equity Interest or a Released Claim, and all Affected Claims, Equity Interests and Released Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred, and the Released Parties shall thereupon have no further obligation whatsoever in respect of the Affected Claims, Equity Interests and Released Claims, as applicable; provided that nothing herein releases the Applicant or any other Person from its obligations to make distributions in the manner and to the extent provided for in this Plan; and provided further that such discharge and release of the Applicant shall be without prejudice to the right of a Creditor in respect of a Disputed Distribution Claim to prove such Disputed Distribution Claim in accordance with the Claims Procedure Order so that such Disputed Distribution Claim may become an Allowed Unsecured Claim.

3.9 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim that is compromised and released under this Plan, or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised and released under this Plan, shall be entitled to any greater rights as against the Applicant and any other Released Party than the Person whose Claim is compromised and released under this Plan.

3.10 Set-Off

The law of set-off applies to all Claims.

ARTICLE 4 DISTRIBUTIONS

4.1 Calculation of Cash Pool Payments

Based on the information and documents received by the Monitor pursuant to the Claims Procedure Order and the Meeting Order, the Monitor shall calculate, with respect to each Unsecured Creditor, its proportionate share of the Cash Pool on the basis that each Unsecured Creditor shall be entitled to receive payment from the Cash Pool of an amount equal to:

- (a) the entire amount of its Allowed Unsecured Claim up to \$2,000, plus
- (b) to the extent that its Allowed Unsecured Claim exceeds \$2,000, its pro rata share of funds remaining in the Cash Pool after subtraction of all amounts contemplated

by clause (i) and subject to any Disputed Distribution Claim Reserve as provided herein;

and the Monitor shall provide such information to the Applicant and Bennett Jones LLP, on behalf of the Agent and the Noteholders, at least ten (10) Business Days before the Anticipated Implementation Date (unless extended by the Applicant, with the consent of the Noteholders).

4.2 Delivery of Cash Pool Payments and New Shares

On the Initial Distribution Date or as soon as practicable thereafter, the Applicant shall:

- (a) upon receipt of and in accordance with a written direction of the Monitor (based on the information and documents received by the Monitor pursuant to the Claims Procedure Order and the Meeting Order), deliver to each Unsecured Creditor payment of its proportionate share of the Cash Pool less the Disputed Distribution Claims Reserve, as determined in accordance with Section 4.1; and
- (b) upon receipt of and in accordance with a written direction of the Agent providing registration and delivery instructions in respect of the New Shares, register the issue by SOG of the New Shares to the Noteholders effective as of the Plan Implementation Date, and certify and deliver definitive share certificates representing the same.

As soon as practicable following the date on which all Disputed Distribution Claims are resolved, whether by agreement or Final Order, any portion of the Cash Pool remaining in the Disputed Distribution Claims Reserve shall be distributed in accordance with Section 6.2.

4.3 Cancellation of Certificates and Notes

Following completion of the steps set forth in Section 5.4, any and all notes (including the Notes), debentures, certificates, agreements, indentures, statements, bills, invoices, instruments, documents or other records representing or evidencing (or purporting to represent or evidence) Affected Claims or Equity Interests will not entitle any holder thereof or party thereto to any compensation or participation other than as expressly provided for in this Plan, and shall be deemed to be cancelled, null and void, and of no force or effect. Notwithstanding the foregoing, the Note Purchase Agreements shall remain in effect for the purpose of and to the extent necessary to: (i) allow the Agent to make distributions to the Noteholders on the Initial Distribution Date; (ii) maintain all of the protections the Agent enjoys as against the Noteholders, including its rights with respect to any distributions under this Plan, until all distributions are made to Noteholders hereunder; and (iii) to allow the Agent to finalize the New Credit Facility and complete all documentation on registrations required with respect to such facility.

4.4 Currency

Unless specifically provided for in any Order, for the purposes of distributions under this Plan, a Claim shall be denominated in Canadian dollars and all payments and distributions to the Affected Creditors on account of their Claims shall be made in Canadian dollars. Any Claims

denominated in a foreign currency shall be converted to Canadian dollars at the applicable exchange rates provided by the Bank of Canada as of the Filing Date.

4.5 Interest on Unsecured Claims

Interest shall not accrue or be paid on Unsecured Claims on or after the Filing Date, and no holder of an Unsecured Claim shall be entitled to interest accruing on or after the Filing Date. All distributions made pursuant to this Plan in respect of an Unsecured Claim shall be allocated towards the repayment of the principal amount of the Unsecured Claim, and any accrued and unpaid interest outstanding on the Effective Date in respect of Unsecured Claims shall be settled and extinguished for no consideration in accordance with Section 5.4(d).

4.6 Undeliverable Distributions

If any distribution to a Person under this Plan is returned as undeliverable (an "**Undeliverable Distribution**"), no further distributions to such Person shall be made unless and until the Applicant is notified by such Person of such Person's current address, at which time all such distributions shall be made to such Person. All claims for Undeliverable Distributions must be made on or before the date that is six (6) months following the final Distribution Date, after which date any entitlement with respect to such Undeliverable Distribution shall be forever released, discharged, cancelled and barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary, at which time any such Undeliverable Distributions shall be returned to the Applicant. Nothing contained in this Plan shall require the Applicant, the Monitor or any other Person to attempt to locate any holder or intended recipient of an Undeliverable Distribution. No interest is payable in respect of an Undeliverable Distribution.

4.7 Withholding Rights

The Applicant, the Monitor and any other Person making a payment contemplated herein (each, a "**Payor**") shall be entitled to deduct and withhold from any distributions or other amounts payable to any Person such amounts as it is required, as determined in the Payor's discretion, acting reasonably, to deduct and withhold with respect to such payment under the Tax Act, corresponding provisions of provincial or territorial laws, or any other Applicable Laws. To the extent that amounts are so withheld or deducted, such withheld or deducted amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction or withholding was made, provided that such amounts are actually remitted to the appropriate Governmental Entity. Each Payor is authorized to sell or otherwise dispose of such portion of any non-cash consideration payable to any such Person as is necessary to provide the Payor with sufficient funds to enable it to comply with such deduction or withholding requirement, and shall notify the applicable Person thereof and remit to such Person any unapplied balance of the net proceeds of such sale. If such sale is not reasonably possible, the Payor shall not be required to make any payment of consideration or other amounts until the Person has directly satisfied any such deduction or withholding obligation and provides evidence thereof to the Payor.

4.8 Fractional Interests

No fractional interests in New Shares ("**Fractional Interests**") will be issued under this Plan. Recipients of New Shares will have their entitlements adjusted downwards to the nearest whole number of New Shares to eliminate any such Fractional Interests, and no compensation will be given for the Fractional Interest.

4.9 Calculations

All amounts of consideration to be received hereunder will be calculated to the nearest whole cent (\$0.01). All calculations and determinations made by the Monitor or the Applicant for the purposes of and in accordance with this Plan, including the allocation of consideration, shall be conclusive, final and binding upon the Affected Creditors and the Applicant.

ARTICLE 5 RECAPITALIZATION TRANSACTIONS

5.1 Corporate Actions

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of the Applicant will occur and be effective as of the Plan Implementation Date or in such other manner or time as may be expressly provided for in Section 5.4, and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes, without any requirement of further action by shareholders, directors or officers of the Applicant. All necessary approvals of and from the shareholders, directors or officers of the Applicant, as applicable (including all necessary resolutions, whether ordinary, special or otherwise, of the shareholders or directors of the Applicant, as applicable) to take all actions hereunder or contemplated hereby shall be deemed to have been made, given, passed or obtained; no agreement between or among the shareholders of the Applicant, or any of them, or between a shareholder and another Person, that limits or purports to limit in any way the right to vote shares held by such shareholder(s) with respect to any of the steps or transactions contemplated by this Plan, shall be effective, and all such agreements shall be deemed to be of no force or effect.

5.2 Issue of New Shares

On the Plan Implementation Date, in accordance with the steps, and at the times and in the sequence, set forth in Section 5.4, SOG shall issue the New Shares, all of which shall be allocated and distributed in the manner set forth in this Plan, and upon distribution shall be deemed to be issued and outstanding as fully-paid and non-assessable shares of SOG.

5.3 Cash Pool and Disputed Distribution Claims Reserve

On the Plan Implementation Date, in accordance with the steps, and at the times and in the sequence, set forth in Section 5.4, the Cash Pool (and Disputed Distribution Claims Reserve, as applicable) will be created, and each Unsecured Creditor with an Allowed Unsecured Claim shall become entitled to be paid its share of the funds available for distribution to Unsecured

Creditors. If a Disputed Distribution Claims Reserve is created, and after resolution of all Disputed Distribution Claims, whether by agreement or Final Order, there are funds remaining available for distribution to Unsecured Creditors, a further distribution will be made to Unsecured Creditors in accordance with Section 6.2.

5.4 Plan Implementation

The following steps, compromises and releases to be effected on the implementation of this Plan shall occur, and be deemed to have occurred, in the following sequence in ten minute increments (or at such other times as may be agreed to by the Applicant and the Noteholders), without any further act or formality, on the Plan Implementation Date beginning at the Effective Time (or in such other manner or sequence or such other time or times as the Applicant, the Monitor and the Noteholders may agree), except that the dissolution of Strategic Transmission Ltd. and amendment to the articles of SOG may be completed before the Plan Implementation Date on such date or dates as may be agreed between the Applicant and the Noteholders:

Pre-Distribution Steps

- (a) the Applicant's wholly-owned subsidiary, Strategic Transmission Ltd., shall be dissolved in accordance with the applicable provisions of the *Canada Business Corporations Act*;
- (b) the articles of SOG shall be amended to create the New Shares as a new class of shares that the Applicant is authorised to issue, which class shall be unlimited in number and shall have attached thereto such rights, privileges, restrictions and conditions as are acceptable to the Applicant and the Noteholders;
- (c) all Options (including, for certainty, any employee stock options and the share purchase warrants issued pursuant to the Note Purchase Agreements) shall be cancelled and terminated without any liability, payment or other compensation in respect thereof, and any agreement, plan or arrangement of the Applicant providing for Options or pursuant to which Options were issued shall be terminated and be of no further force or effect;
- (d) all accrued and unpaid interest in respect of Unsecured Claims shall be settled and extinguished for no consideration;

Cancellation of Equity Claims and Equity Interests

- (e) concurrently with the step described in Section 5.4(h) below, the Existing Shares and all other remaining Equity Interests in SOG (other than the New Shares created and issued pursuant to this Plan) shall be cancelled without any repayment of capital thereon or any other compensation therefor and, for certainty, no Existing Shareholder shall be entitled to receive any interest, dividends, premium or other payment in connection therewith;

Distribution Steps

- (f) the New Credit Facility shall become effective;
- (g) SOG shall be required to pay to each Unsecured Creditor the amount of cash from the Cash Pool to which the Unsecured Creditor is entitled in accordance with Sections 4.2 and 5.3, in full, final and irrevocable compromise, settlement and satisfaction of the Unsecured Claims of all Unsecured Creditors;
- (h) each Noteholder shall and shall be deemed to irrevocably exchange and transfer its proportionate holding of \$1,000,000 aggregate principal amount of Notes and the entire balance of its respective Noteholder Claim, and all of its rights in, to and under its total Noteholder Claim, in consideration for the issue by SOG to each such Noteholder of such number of New Shares as is equal to its pro rata share of the New Shares to be issued in accordance with Sections 4.2 and 5.2 and new indebtedness under the New Credit Facility in a principal amount equal to the amount, if any, by which its Noteholder Claim exceed the fair market value of the New Shares so issued, whereupon each such Noteholder shall be recorded in the central securities register of SOG as the holder of such number of New Shares and its Noteholder Claim shall be cancelled;
- (i) except only for the limited purpose of facilitating the distributions under this Plan, all Affected Claims, and all of the Affected Creditors' entitlements with respect to any Affected Claims, shall be, and shall be deemed to be, fully, finally, irrevocably and forever compromised, settled, released, discharged, extinguished, cancelled and barred, and the Applicant shall be fully, finally and irrevocably released from any and all claims, liabilities or obligations of any kind to an Affected Creditor; and

Other Matters

- (j) SOG shall pay all reasonable fees and disbursements of the Monitor and Counsel, to the extent not already satisfied by the Applicant.

5.5 Securities Law Matters

The Applicant intend that the issuance and distribution, pursuant to this Plan, of the New Shares will be exempt from:

- (a) the prospectus requirements of Canadian securities legislation, to the extent applicable, pursuant to section 2.11 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators; and
- (b) the registration requirements of the U.S. Securities Act, to the extent applicable, pursuant to one or more of section 3(a)(9) and section 3(a)(10) thereof.

Upon the granting of the Sanction Order, any Person named or referred to in this Plan, and the heirs, administrators, executors, personal representatives, successors and assigns of any such

Person, shall act in good faith to ensure the intended treatment of the issuance and distribution of the New Shares set forth in this Section 5.5.

5.6 Issuances Free and Clear

Any securities or other consideration issued, transferred or distributed pursuant to this Plan will be issued, transferred or distributed free and clear of any Encumbrances.

5.7 Stated Capital Accounts

The stated capital accounts maintained for the New Shares, including any adjustments thereto as a result of the transactions provided in this Plan (including the steps set forth in Section 5.4), will be as determined by the Applicant's board of directors in accordance with the requirements of the Applicable Law.

5.8 Governmental and Regulatory Filings

In furtherance of the transactions provided in this Plan, including the steps set forth in Section 5.4, the Applicant is authorized to file with all applicable Governmental Entities, pursuant to the *Business Corporations Act* (Alberta), applicable Canadian securities legislation and all other Applicable Laws, all such forms, certificates, applications, returns, statements or other records as are necessary or appropriate to record such transactions.

ARTICLE 6 DISPUTED DISTRIBUTION CLAIMS

6.1 No Distribution Pending Allowance

An Unsecured Creditor holding a Disputed Distribution Claim will not be entitled to receive a distribution under this Plan in respect of such Disputed Distribution Claim unless and until, and then only to the extent that, such Disputed Distribution Claim becomes an Allowed Unsecured Claim.

6.2 Distributions After Disputed Distribution Claims Resolved

- (a) On the Plan Implementation Date, such portion of the Cash Pool as would be distributable in respect of a Disputed Distribution Claim of an Unsecured Creditor, if such Disputed Distribution Claim was an Allowed Affected Unsecured Claim, will be set aside and held by the Applicant, in an account constituting the Disputed Distribution Claims Reserve, for the benefit of the Unsecured Creditors with Allowed Unsecured Creditor Claims, until the final determination of the Disputed Distribution Claim in accordance with the Claims Procedure Order and this Plan.
- (b) To the extent that any Disputed Distribution Claim becomes an Allowed Unsecured Claim in accordance with the Claims Procedure Order and this Plan, the Applicant shall distribute (on the next Distribution Date) to the holder of such Allowed Unsecured Claim, payment from the Disputed Distribution Claims Reserve in an amount equal to the distribution to which such Unsecured Creditor

would have been entitled in respect of its Allowed Unsecured Claim on the Initial Distribution Date had such Disputed Distribution Claim been an Allowed Affected Unsecured Claim on such date.

- (c) As soon as practicable after all Disputed Distribution Claims have been finally resolved in accordance with the Claims Procedure Order and any required distributions contemplated in Section 6.2(b) have been made, any remaining cash held in the Disputed Distribution Claims Reserve shall be distributed to Allowed Unsecured Creditors in accordance with their proportionate entitlements as determined hereunder.

ARTICLE 7 RELEASES

7.1 Plan Releases

At the Effective Time, for good and valuable consideration, including the distributions to be made pursuant to the Plan, every Creditor, Affected Creditor or other Person, on its own behalf and on behalf of its respective affiliates, present and former directors, officers, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, hereby is deemed to and does fully, finally, irrevocably and unconditionally release and forever discharge each of:

- (a) the Applicant and its representatives, employees and agents;
- (b) the Directors, the Officers and any current or former alleged fiduciary of the Applicant (whether acting as a director, officer or other responsible party);
- (c) Counsel and their respective partners, representatives, employees and agents; and
- (d) the Monitor, the Agent and the Noteholders, together with each of their respective current and former directors, officers, affiliates, related companies, members, partners, representatives, employees, agents and administrators,

(the persons referred to in (a), (b), (c) and (d) above being, collectively, the "**Released Parties**" and each individually, a "**Released Party**"), of and from any and all Claims, and, without limitation, any and all past, present and future claims, causes of action, debts, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, accounts, covenants, damages, expenses, fees (including legal fees or liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, matured or unmatured, direct, indirect or derivative, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission, transaction, dealing or other occurrence existing or taking place on or prior to the time at which the steps set forth in Section 5.4 are completed, relating to or otherwise in connection with (i) the business and operations of the Applicant, (ii) the property and assets of the Applicant, (iii) the Affected Claims, the Plan or the CCAA

Proceeding, (iv) the Equity Interests; (v) the Note Purchase Agreements, (vi) the Recapitalization and constituent transaction thereof in respect of which the Released Parties had any role, whether as Officers, Directors or in any other capacity, (vii) liabilities of the Directors and Officers and any alleged fiduciary or other duty, including any and all Claims that may be made against the Directors or Officers where by law such Directors or Officers may be liable in their capacity as Directors or Officers, or (viii) any Claim that is barred or extinguished by the Claims Procedure Order (all, collectively, the "**Released Claims**"); and at the Effective Time the Applicant is deemed to and does fully, finally, irrevocably and unconditionally release and forever discharge every other Released Party of and from any and all Released Claims.

Notwithstanding the foregoing, nothing in this Section 7.1 shall release or discharge:

- (a) the Applicant from any Unaffected Claim that has not been paid in full under this Plan, to the extent of such non-payment;
- (b) a Released Party from its obligations under this Plan;
- (c) a Released Party that is found by a court of competent jurisdiction by Final Order on the merits to have committed willful misconduct or criminal or fraudulent acts in relation to a Released Claim for which it is responsible at law;
- (d) the Applicant from such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA or the enforcement of a payment ordered by such regulatory body after the Effective Date based in part on facts that existed, or that relate in part to a time period, prior to the Plan Implementation Date solely to the extent that such facts or occurrence are continuing after the Plan Implementation Date and the enforcement of such payment did not constitute a claim provable in bankruptcy prior to the Plan Implementation Date; or
- (e) the Directors from any Claims that have been preserved in accordance with the Claims Procedure Order and which cannot be compromised due to the provisions of Section 5.1(2) of the CCAA.

Notwithstanding anything to the contrary herein, from and after the Plan Implementation Date, a Person may only commence an action against a Released Party in connection with (c) or (e) above if such Person has first obtained leave of the Court on notice to the applicable Released Party, the Applicant, the Monitor (unless previously discharged), the Agent, the Noteholders and any applicable insurers; provided that no Person shall be prevented from commencing such an action against a Released Party where such an action must be taken in order to comply with statutory time limitations in order to preserve such Person's rights at law, provided further that no further steps shall be taken by such Person except in accordance with the other provisions of this Plan (including the requirement herein to obtain the leave of the Court at the first available opportunity), and notice in writing of such action be given to the applicable Released Party, the Applicant, the Monitor (unless previously discharged), the Agent, the Noteholders and any applicable insurers at the first available opportunity.

7.2 Injunction

Subject to the exceptions stated in paragraphs (a) through (e) of Section 7.1, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnitors, agents, dependents, heirs, executors, administrators, representatives, successors and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to the Affected Claims and the Released Claims, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suit, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any of the Released Parties or their property;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suit or demand (including by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation) or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance; or
- (e) taking any action to interfere with the implementation or consummation of the Plan and the Recapitalization thereunder;

and any such proceedings will be deemed to have no further effect against the Applicant or any of its assets and will be released, discharged or vacated without cost to the Applicant. All Persons shall cooperate with the Applicant and the Monitor (unless previously discharged) in removing, releasing or otherwise terminating any Encumbrance or discontinuing any proceeding filed or commenced prior to the Effective Time, as the Applicant or the Monitor (unless previously discharged) may reasonably request. The Applicant may apply to the Court to obtain a discharge or dismissal of any such proceedings if necessary without notice to any Person.

7.3 Knowledge of Claims

Each Person to which Section 7.1 applies shall be deemed to have granted the releases set out therein notwithstanding that the Person may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any

and all rights that it may have under any Applicable Law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the Effective Time.

ARTICLE 8 COURT SANCTION

8.1 Application for Sanction Order

If the Required Majorities approve this Plan, the Applicant shall apply for the Sanction Order on or before the date set for the hearing of the Sanction Order or such later date as the Court may set.

8.2 Content of Sanction Order

The Sanction Order shall, among other things:

- (a) declare that (i) this Plan has been approved by the Required Majorities in conformity with the CCAA; (ii) the activities of the Applicant have been in material compliance with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceeding in all respects; (iii) the Court is satisfied that the Applicant have not done or purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated thereby are fair and reasonable;
- (b) declare that, commencing as of the Effective Time, this Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon and with respect to the Applicant, all Affected Creditors, the Directors and Officers, the Released Parties and all other Persons named or referred to in, or subject to, this Plan;
- (c) declare that the steps to be taken and the compromises and releases to be effective on the Plan Implementation Date are deemed to occur and be effected in the sequence and at the times set forth in Section 5.4;
- (d) confirm the amount of the Disputed Distribution Claims Reserve;
- (e) compromise, discharge and release the Released Parties from any and all Affected Claims of any nature in accordance with this Plan, and declare that the ability of any Person to proceed against any of the Released Parties in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to this Plan in respect of their Affected Claims;
- (f) declare that all Existing Shares and other Equity Interests are fully, finally and irrevocably cancelled;
- (g) declare certain Affected Claims to be Equity Claims;

- (h) declare that, subject to performance by the Applicant of its obligations under this Plan and except as provided in this Plan, all obligations, agreements or leases to which the Applicant is a party on the Plan Implementation Date shall be and remain in full force and effect, unamended, as at the Plan Implementation Date and no party to any such obligation or agreement shall on or following the Plan Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise disclaim or resiliate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
- (i) of any event which occurred before, and not continuing after, the Plan Implementation Date, or which is or continues to be suspended or waived under this Plan, which would have entitled any other party thereto to enforce those rights or remedies;
 - (ii) that the Applicant have sought or obtained relief or have taken steps as part of this Plan or under the CCAA;
 - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Applicant;
 - (iv) of the effect upon the Applicant of the completion of any of the transactions contemplated under this Plan; or
 - (v) of any compromises, settlements, restructurings, recapitalizations or reorganizations effected pursuant to this Plan;
- (i) bar, stop, stay and enjoin the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any matter which is released pursuant to Article 7 hereof;
- (j) declare that section 36.1 of the CCAA, sections 95 to 101 of the BIA and any other federal or provincial law relating to preferences, fraudulent conveyances or transfers at undervalue, shall not apply to the Plan or to any payments, distributions, transfers, allocations or transactions made or completed in connection with the Recapitalization, whether before or after the Filing Date, including, without limitation, to any and all of the payments, distributions, transfers, allocations or transactions contemplated by and to be implemented pursuant to this Plan;
- (k) authorize the Monitor to perform its functions and fulfil its obligations under this Plan to facilitate the implementation of this Plan;
- (l) declare that upon completion by the Monitor of its duties in respect of the Applicant pursuant to the CCAA and the Orders, the Monitor may file with the Court a certificate stating that all of its duties in respect of the Applicant pursuant

to the CCAA and the Orders have been completed and thereupon, KPMG Inc. shall be deemed to be discharged from its duties as Monitor of the Applicant and released of all claims relating to its activities as Monitor;

- (m) subject to payment of any amounts secured thereby, declare that each of the Charges shall be terminated, discharged and released;
- (n) declare that the Applicant and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under this Plan;
- (o) declare that the individuals named in a certificate to be filed with the Court by the Applicant on or before the Plan Implementation Date shall be the directors of SOG; and
- (p) confirm the dissolution of Strategic Transmission Ltd. pursuant to the applicable provisions of the *Canada Business Corporations Act*.

ARTICLE 9 CONDITIONS PRECEDENT AND IMPLEMENTATION

9.1 Conditions Precedent to Implementation

The implementation of this Plan shall be conditional upon satisfaction or waiver of the following conditions before or at the Effective Time, each of which is for the benefit of the Applicant and the Agent and Noteholders, collectively, and may be waived only by the Applicant and the Noteholders, collectively:

- (a) this Plan shall have been approved by the Required Majorities and the Court, in each case in a form acceptable to the Applicant and the Noteholders;
- (b) the Sanction Order: (i) shall have been made not later than December 4, 2019 (or such other date as the Applicant and the Noteholders may agree); (ii) shall be in a form consistent with the Plan and otherwise acceptable to the Applicant and the Noteholders; and (iii) shall have become a Final Order;
- (c) the Disposition Transaction shall have been completed on terms and conditions acceptable to the Applicant and the Noteholders;
- (d) all filings under Applicable Laws that are required in connection with the Recapitalization shall have been made, and all consents or approvals of the Court or any Governmental Entity that are required under Applicable Laws in connection with consummation of the Recapitalization or any part thereof, shall have been obtained on terms and conditions acceptable to the Applicant and the Noteholders (it being acknowledged, for certainty, that nothing in this Plan fetters the discretion of any such Governmental Entity with respect such required consents or approvals);
- (e) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental

Entity, and no action or investigation shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Plan and the Recapitalization that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or prohibit) the implementation of the Plan and the Recapitalization or any part thereof or requires or purports to require a variation of the Plan;

- (f) the form of amended articles of SOG, to become effective in connection with the implementation of the Plan, shall be acceptable to the Applicant and the Noteholders;
- (g) the number and terms of the New Shares to be issued pursuant to this Plan shall be acceptable to the Applicant and the Noteholders;
- (h) except as expressly set out in or contemplated by this Plan or the Orders, or as consented to by the Noteholders, the Applicant shall not have, since the Filing Date: (i) issued or authorized the issuance of any shares, notes, options, warrants or other securities of any kind (other than Existing Shares), (ii) become subject to any new Encumbrance with respect to its property; (iii) become liable to pay any new material indebtedness or liability of any kind; or (iv) entered into any material agreement;
- (i) any securities that are created in connection with the Plan, including the New Shares, when issued and distributed pursuant to the Plan, shall be duly authorized, validly issued and fully paid and non-assessable, and the issuance and distribution thereof shall be exempt from the prospectus requirements of Canadian provincial and territorial securities legislation and the registration requirements of the U.S. Securities Act;
- (j) SOG shall not be a reporting issuer (or equivalent) under the securities legislation of any province or territory of Canada;
- (k) no order of any securities regulatory authority in Canada shall be in effect that prevents the issue of the New Shares in accordance with this Plan or the trading of New Shares following the Implementation Date pursuant to available exemptions from the prospectus requirements of Canadian securities legislation and the registration requirement of the U.S. Securities Act, as applicable;
- (l) the Noteholders shall be satisfied that no "change of control" payments or similar payments or compensation will be payable to any officer of the Applicant as a result of the Recapitalization or this Plan;
- (m) the aggregate amount of Disputed Distribution Claims Reserve shall be acceptable to the Applicant, the Monitor and the Noteholders and shall have been confirmed in the Sanction Order;
- (n) the Applicant, the Monitor and the Noteholders, each acting reasonably, shall be satisfied with the proposed use of proceeds and payments to be made pursuant to

or in connection with the Recapitalization and the Plan (except as expressly set out in or contemplated by this Plan or the Orders), including, without limitation, consent fees, transaction fees, third party fees payable by the Applicant to any Person (other than a Governmental Entity) or amounts payable pursuant to any employment agreement or incentive plan of the Applicant;

- (o) the transaction steps required to complete and implement the Plan shall be in form and substance satisfactory to the Applicant and the Noteholders;
- (p) the individuals named in the certificate to be filed pursuant to Section 8.2(o) shall be acceptable to the Noteholders;
- (q) the Plan Implementation Date shall have occurred not later than December 20, 2019 (or such other date as the Applicant and the Noteholders may agree);
- (r) the New Credit Facility, in form and substance satisfactory to the Applicant and the Noteholders, shall be duly executed and delivered, and all required security registrations in connection therewith completed to the satisfaction of the Noteholders in their sole discretion;
- (s) all fees and expenses owing to the Monitor and Counsel shall have been paid as of the Plan Implementation Date, and the Applicant and the Noteholders shall be satisfied that adequate provision has been made for any fees and expenses due or accruing due to Counsel from and after the Plan Implementation Date; and
- (t) there shall not have occurred a material adverse change to the business or affairs of the Applicant.

9.2 Monitor's Certificate

Upon delivery of written notice from the Applicant and the Noteholders of the satisfaction or waiver of the conditions set forth in Section 9.1, the Monitor shall forthwith deliver to the Applicant and Bennett Jones LLP, on behalf of the Agent and the Noteholders, a certificate stating that the Plan Implementation Date has occurred and that this Plan is effective in accordance with its terms and the terms of the Sanction Order. As soon as practicable following the Plan Implementation Date, the Monitor shall file such certificate with the Court.

ARTICLE 10 GENERAL

10.1 Binding Effect

This Plan will become effective on the Plan Implementation Date. On the Plan Implementation Date:

- (a) the treatment of Affected Claims and Released Claims under this Plan shall be final and binding for all purposes and shall be binding upon and enure to the benefit of the Applicant, the Released Parties. all Affected Creditors, any Person having a Released Claim and all other Persons named or referred to in, or subject

to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;

- (b) all Affected Claims shall be forever discharged and released, excepting only the obligations in the manner and to the extent provided for in this Plan;
- (c) all Released Claims shall be forever discharged and released;
- (d) each Affected Creditor and each Person holding a Released Claim shall be deemed to have consented and agreed to all of the provisions of this Plan, in its entirety; and
- (e) each Affected Creditor and each Person holding a Released Claim shall be deemed to have executed and delivered to the Applicant and any other Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

10.2 Waiver of Defaults

From and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicant then existing or previously committed by the Applicant, or caused by the Applicant, by any of the provisions in this Plan or steps contemplated in this Plan, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, indenture, note, lease, guarantee, agreement for sale or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Applicant and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under any such agreement shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicant from performing its obligations under this Plan or be a waiver of defaults by the Applicant under this Plan and the related documents.

10.3 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.4 Non-Consummation

The Applicant reserve the right to revoke or withdraw this Plan at any time before the Plan Implementation Date. If the Applicant revokes or withdraws this Plan, or if the Sanction Order is not issued, or if the Plan Implementation Date does not occur, (i) this Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in this Plan, including the fixing or limiting to an amount certain any Claim, and any document or agreement executed pursuant to this Plan, shall be deemed null and void, and (iii) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (A) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicant or any other Person, (B) prejudice in any manner the rights of the Applicant or any other Person in any further

proceedings involving the Applicant, or (C) constitute an admission of any sort by the Applicant or any other Person.

10.5 Modification of this Plan

The Applicant reserves the right, with the consent of the Monitor and the Noteholders or as otherwise ordered by the Court, to vary, amend, modify or supplement the Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement (an "**Amended Plan**"):

- (a) at any time prior to the Meeting, provided that the Applicant or the Monitor, as applicable, (i) files the Amended Plan with the Court, (ii) posts the Amended Plan on the Website, and (iii) serves the Amended Plan on the service list maintained in the CCAA Proceeding;
- (b) at any time during the Meeting, provided that oral notice of any such variation, amendment, modification or supplement is given to all Affected Creditors present in person or by proxy (and in such case, notice given to the Affected Creditor's proxyholder shall be sufficient) at the Meeting prior to the vote being taken at the Meeting, in which case any such variation, amendment, modification or supplement shall be deemed to be part of and incorporated into the Plan; and
- (c) at any time and from time to time after the Meeting (both prior to and subsequent to the Sanction Order, if granted), with approval of the Court and any Affected Creditors adversely affected by such amendment,

provided, however, that any such amendment, modification or supplement may be made unilaterally by the Applicant, before or after the Sanction Order, with the approval of the Monitor (unless previously discharged) and, if the Plan Implementation Date has not occurred, the Noteholders, if such amendment, modification or supplement is of an administrative nature that is not adverse to the financial or economic interests of any of the Affected Creditors under the Plan and is necessary in order to give better effect to the substance or implementation of the Plan or the Sanction Order.

10.6 Noteholder Confirmations

For the purposes of this Plan, the Applicant shall be entitled to rely on written confirmation from Bennett Jones LLP, as counsel on behalf of the Agent and the Noteholders, that the Noteholders have agreed to, waived, consented to or approved a particular matter. Bennett Jones LLP shall be entitled to rely on a communication in any form acceptable to Bennett Jones LLP, in its sole discretion, from the Agent for the purpose of determining whether the Agent and/or Noteholders have agreed to, waived, consented to or approved a particular matter.

10.7 Paramountcy

From and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) this Plan or the Sanction Order; and

- (b) the covenants, agreements, obligations, warranties, representations, terms, conditions or other provisions, expressed or implied, of any contract, mortgage, security agreement, indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between one or more of the Affected Creditors and the Applicant as at the Plan Implementation Date, or the articles or bylaws of the Applicant as at the Plan Implementation Date;

shall be deemed to be governed by the terms, conditions and other provisions of this Plan and the Sanction Order, which shall take precedence and priority; and provided further that the Sanction Order shall govern to the extent of any conflict between any provision of this Plan and the Sanction Order.

10.8 Severability of Plan Provisions

If, before the Sanction Date, any provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicant and with the consent of the Monitor and the Noteholders, shall have the power to either (a) sever such provision from the balance of this Plan and provide the Applicant with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Plan Implementation Date, or (b) alter and interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the provision held to be invalid, void or unenforceable, and such provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicant proceed with the implementation of this Plan, the remainder of the provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

10.9 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceeding and this Plan with respect to the Applicant and will not be responsible or liable for any obligations of the Applicant.

10.10 Different Capacities

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Applicant and the Person in writing or unless its Claims overlap or are otherwise duplicative.

10.11 Notices

Any notice or other communication to be delivered hereunder must be in writing and reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by email addressed to the respective parties as follows:

(a) If to the Applicant:

c/o Strategic Oil & Gas Ltd.
1100, 645 – 7th Avenue S.W.
Calgary, Alberta T2P 4G8

Attention: Chief Executive Officer
Email: [●]

with a copy to:

Dentons Canada LLP
15th Floor, Bankers Court
850 – 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David Mann
Email: davidmann@dentons.com

(b) If to the Agent or any Noteholder:

c/o GMT Capital Corp.
2300 Windy Ridge Parkway S.E.
Atlanta, Georgia 30339

Attention: [●]
Email: [●]

with a copy to:

Bennett Jones LLP
4500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta, Canada T2P 4K7

Attention: Ken Lenz / Colin Perry
Email: lenzk@bennettjones.com / perry@bennettjones.com

(c) If to an Affected Creditor (other than the Agent or a Noteholder), to the mailing address, facsimile address or email address provided on such Affected Creditor's Proof of Claim;

(d) If to the Monitor:

KPMG Inc.
Suite 3100, Bow Valley Square II
205 – 5th Avenue S.W.
Calgary, Alberta T2P 4B9

Attention: Neil Honess/Cameron Browning
Email: neilhoness@kpmg.ca / cbrowning@kpmg.ca

with a copy to:

Torys LLP
46th Floor, Eighth Avenue Place East
525 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Kyle Kashuba
Email: kkashuba@torys.com

or to such other address as any party may from time to time notify the others in accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 5:00 p.m. (Calgary time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

10.12 Further Assurances

Each of the Persons named or referred to in, or subject to, this Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

DATED as of the 11th day of October, 2019.

APPENDIX "E"
MEETING ORDER

Clerk's stamp:

COURT FILE NUMBER 1901-05089

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

IN THE MATTER OF THE BUSINESS CORPORATIONS
ACT, R.S.A. 2000, c. B-9, as amended

AND IN THE MATTER OF THE PLAN OF COMPROMISE
OR ARRANGEMENT OF STRATEGIC OIL & GAS LTD.
and STRATEGIC TRANSMISSION LTD.

APPLICANTS STRATEGIC OIL & GAS LTD. and STRATEGIC
TRANSMISSION LTD.

DOCUMENT **MEETING ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

Dentons Canada LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: David W. Mann and Afshan Naveed
Ph. (403) 268-7097 / 403-268-7015 Fx. (403) 268-3100
File No.: 575553-3

DATE ON WHICH ORDER WAS
PRONOUNCED: October 11, 2019

LOCATION WHERE ORDER WAS
PRONOUNCED: Calgary, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madame Justice C. Dario

UPON the application of **Strategic Oil & Gas Ltd.** (the "**Applicant**") for a meeting order, among other things. (i) accepting the filing of the CCAA Plan of the Applicant, (the "**Plan**") and attached hereto as **Schedule "A"**; (ii) authorizing the classification of creditors for purposes of voting on the Plan; (iii) authorizing and directing the Applicant to call, hold and conduct meeting of Affected Creditors (as defined in the Plan) of the Applicant to vote on a resolution to approve the Plan; (iv) authorizing and directing the mailing and distribution of the Information Package (as defined below); (v) approving the procedures to be

followed with respect to the Meeting of Affected Creditors; and (vi) setting a date of the hearing of the Applicant's application for Court approval of the Plan;

AND UPON having read the Application of the Applicant, the Affidavit of Amanda Reitenbach, sworn October 4th, 2019, the Third Report of KPMG Inc. (the "**Third Report**"), the Court-appointed Monitor of the Applicant (the "**Monitor**"), and the Affidavit of Service of _____, sworn _____, all filed, and such other material in the pleadings and proceedings as are deemed necessary; **AND UPON** hearing counsel for the Applicant, counsel for the Monitor, and counsel for other interested parties and stakeholders present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of the Application for this Meeting Order and supporting documents is hereby deemed to be good and sufficient, the time for notice is hereby abridged to the time provided, and no other person is required to have been served with notice of the Application.

INTERPRETATION

2. All capitalized terms not otherwise defined in this Meeting Order shall have the meaning ascribed to them in the Plan.
3. All references to time herein shall mean local time in Calgary, Alberta, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.
4. All references to the word "including" shall mean "including without limitation".
5. All references to the singular herein shall include the plural, the plural shall include the singular and any reference to one gender includes the other gender.

MONITOR'S ROLE

6. The Monitor, in addition to its prescribed rights and obligations under (i) the CCAA, (ii) the Initial Order, (iii) the Claims Procedure Order granted on October 11, 2019 (the "**Claims Procedure Order**"), and (iv) any other Order, is hereby directed and empowered to take such other actions and fulfill such other roles as are authorized by this Meeting Order.
7. In carrying out the terms of this Meeting Order, the Monitor shall: (i) have all the protections given to it by the CCAA, the Initial Order, or as an officer of the Court, including the stay of proceedings in its favour; (ii) incur no liability or obligation as a result of carrying out the provisions of this Meeting Order, save and except for any gross negligence or willful misconduct on its part; (iii) be entitled to rely on the books and records of the Applicant and any information provided by the Applicant and the Affected Creditors without independent investigation; and (iv) not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.
8. The Monitor and the Applicant are hereby authorized to retain such agents as they deem to be advisable to assist them in connection with calling and conducting the Meeting, including with respect to the distribution of the Information Package (defined below), the identification of the

applicable Affected Creditors, and the solicitation of proxies from Persons entitled to vote at the Meeting.

FILING OF THE PLAN

9. The Applicant is hereby authorized and directed to file the Plan, to present the Plan to the Affected Creditors for their consideration in accordance with the terms of this Meeting Order and to seek approval of the Plan in the manner set forth herein.
10. The Applicant be and is hereby authorized, with the consent of the Monitor or as otherwise ordered by the Court, to vary, amend, modify or supplement the Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement (an "**Amended Plan**"):
 - (a) at any time prior to the Meeting, provided that the Applicant or the Monitor, as applicable, (i) files the Amended Plan with this Court, (ii) posts the Amended Plan on the Monitor's Website, and (iii) serves the Amended Plan on the service list (the "**Service List**");
 - (b) at any time during the Meeting, provided that oral notice of any such variation, amendment, modification or supplement is given to all Affected Creditors present in person or by proxy (and in such case, notice given to the Affected Creditor's proxyholder shall be sufficient) at the Meeting prior to the vote being taken at the Meeting, in which case any such variation, amendment, modification or supplement shall be deemed to be part of and incorporated into the Plan, and such Amended Plan shall be promptly posted on the Monitor's Website and filed with the Court as soon as practicable following the Meeting; and
 - (c) at any time and from time to time after the Meeting (both prior to and subsequent to the Sanction Order, if granted), with approval of this Court and any Affected Creditors adversely affected by such amendment,

provided that, however, any such amendment, modification or supplement may be made unilaterally by the Applicant, before or after the Sanction Order, with the approval of the Monitor, if such amendment, modification or supplement is of an administrative nature that is not adverse to the financial or economic interests of any of the Affected Creditors under the Plan and is necessary in order to give better effect to the substance or implementation of the Plan or the Sanction Order.

CLASSIFICATION OF CREDITORS

11. For the purposes of considering and voting on the Plan and receiving distributions thereunder, the Affected Claims of the Affected Creditors shall be divided into classes as set out below:

Affected Creditors Class

Affected Claims

Noteholder Class

Noteholder Claims

Unsecured Class

Unsecured Claims

NOTICE OF MEETING AND INFORMATION PACKAGE

12. The form of notice to Affected Creditors of the Meeting (the "**Notice of Meeting**") and the form of Proxy to be used by Affected Creditors (the "**Proxy**") in substantially the forms attached to this Meeting Order as **Schedules "B"** and "**C**", respectively, are hereby approved.

13. The Notice of Meeting shall include a specification of the web address where each Affected Creditor will be able to access and retrieve copies of the following documents (collectively, the "**Information Package**"):
 - (a) the Plan;
 - (b) this Meeting Order;
 - (c) a copy of the Monitor's Third Report;
 - (d) the Notice of Meeting; and
 - (e) the Proxy.
14. The Monitor shall send a copy of the Information Package as soon as practicable, and in any event not later than October 18, 2019, to each Affected Creditor by regular mail, facsimile, courier or e-mail at the last known address (including the last known facsimile number or e-mail address) for such Affected Creditor specified by such Affected Creditor in the Proof of Claim.
15. The Chair (as defined in paragraph 20 of this Order) be and is hereby authorized to accept and rely upon proxies substantially in the form attached as Schedule "C" hereto. Notwithstanding paragraphs 12 to 14 hereof, the Monitor may from time to time, make such minor changes to the Information Package as the Monitor, in consultation with the Applicant, considers necessary or desirable to conform the content thereof to the terms of the Plan or this Meeting Order, or to describe the Plan.
16. The Monitor shall cause a copy of the Information Package to be posted on the Monitor's website (<http://home.kpmg/ca/strategic>) no later than October 18, 2019 and in the case of any amendments made thereto in accordance with paragraphs 10 or 15 hereof, as soon as practicable after such amendments are made.
17. The Monitor shall send by regular mail, facsimile, courier or e-mail as soon as practicable following a request therefor, a copy of the Information Package to each Creditor who, no later than two Business Days prior to the Meeting (or any adjournment thereof), makes a written request for it.

PUBLICATION OF NEWSPAPER NOTICE

18. As soon as practicable and no later than October 28, 2019, a newspaper notice of the Meeting, in substantially the form attached as **Schedule "D"** to this Order (the "**Newspaper Notice**"), shall be published once by the Monitor in the Calgary Herald, the Globe and Mail, and the National Post.

Notice Sufficient

19. The publication of the Newspaper Notice, the sending of the Information Package to Affected Creditors and the posting of the Information Package on the Monitor's website, in the manner set out in paragraphs 12 through 18, as applicable, shall constitute good and sufficient service of this Meeting Order, the Plan and the Notice of Meeting on all Persons who are entitled to receive notice thereof in these proceedings, or who wish to be present in person or by proxy at the Meeting or in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of the Meeting or these

proceedings. Service shall be effective, in the case of regular mailing, three Business Days after the date of mailing, in the case of service by courier, on the day after the courier was sent, and in the case of service by facsimile or e-mail, on the day after the facsimile or e-mail was transmitted, unless such day is not a Business Day, or the facsimile or e-mail transmission was made after 5:00 p.m. (Calgary time), in which case, on the next Business Day.

MEETING

20. A representative of the Monitor shall preside as the chair of the Meeting (the "**Chair**") and shall decide all matters relating to the rules and procedures at, and the conduct of, the Meeting in accordance with the terms of the Plan, this Meeting Order and further Orders of this Court. The Chair may adjourn the Meeting at his/her discretion.
21. The Applicant shall call, hold and conduct the Meeting on November 29, 2019 at Dentons Canada LLP, 15th Floor, 850 -2nd Street, SW, Calgary, Alberta, at 2:00 p.m. (MT) (the "**Meeting Date**"), or as adjourned to such places and times as the Chair may determine, for the purposes of the Affected Creditors considering and voting on the Plan and transacting such other business as may be properly brought before the Meeting.

ATTENDANCE AT THE MEETING

22. The only Persons entitled to notice of, attend or speak at the Meeting are the Affected Creditors (or their respective proxy holders), representatives of the Applicant, the Monitor, the legal counsel or agent of any of the foregoing, the Chair, Scrutineers (as defined below) and the Secretary (as defined below). Any other Person may be admitted to the Meeting only by invitation of the Applicant or the Chair.
23. An Affected Creditor that is not an individual may only attend and vote at the Meeting if it has appointed a proxyholder to attend and act on its behalf at the Meeting.

VOTING AT THE MEETING

24. The only Persons entitled to vote at the Meeting in person or by proxy, are the Affected Creditors. For greater certainty, the Equity Claimants shall not be entitled to vote on the Plan.
25. For the purposes of voting on the Plan, all Affected Creditors shall be entitled to vote on the Proof of Claim (as may have been amended) filed in respect of their Affected Claim pursuant to the Claims Procedure Order, but for the purposes of receiving distributions under the Plan, the Affected Claim shall remain subject to further review and final acceptance by the Monitor, and may be determined, in whole or in part, to be a Disputed Distribution Claim.
26. The quorum required at the Meeting shall be any two Affected Creditors (who do not hold a Disputed Claim) present in person or by proxy at the Meeting.
27. If:
 - (a) the requisite quorum is not present at the Meeting;
 - (b) the Meeting is postponed by a vote of the majority in value of the Claims of the Affected Creditors present in person or by proxy; or

(c) the Chair otherwise decides to adjourn the Meeting,

then the Meeting shall be adjourned to such date, time and place as may be designated by the Chair. The announcement of the adjournment by the Chair, the posting of notice of such adjournment on the Monitor's website and written notice thereof to the Service List shall constitute sufficient notice of the adjournment and the Applicant and the Monitor shall have no obligation to give further notice to any Person of the adjourned Meeting.

28. Every question submitted to the Meeting, except to approve the Plan resolution, any amendment to or in respect of the Plan or an adjournment of the Meeting, will be decided by a majority of votes given on a show of hands or, if by confidential written ballot at the discretion of the Chair, by a simple majority in number of the Affected Creditors.
29. The Chair shall direct a vote by the Affected Creditors on the resolution substantially in the form attached hereto as **Schedule "E"** to approve the Plan (the "**Resolution**") (i) by way of written ballot, or (ii) if the Chair deems it appropriate, by a show of hands.
30. If the Resolution is approved in accordance with the terms of this Meeting Order, the Resolution shall be ratified and given full force and effect in accordance with the provisions of this Meeting Order, the CCAA, the Information Package and any further Order of this Court, notwithstanding the provisions of any agreement or other instrument to the contrary.
31. The Monitor may appoint scrutineers (the "**Scrutineers**") for the supervision and tabulation of the attendance, quorum, and votes cast at the Meeting. A Person or Persons designated by the Monitor shall act as secretary (the "**Secretary**") at the Meeting and shall tabulate all votes made at the Meeting.
32. The result of any vote conducted at the Meeting shall be binding upon each and every Affected Creditor, whether or not such Affected Creditor was present or voted at the Meeting, without prejudice to such Affected Creditor's ability to oppose the Plan at the Sanction Hearing (as defined below).
33. Following the vote at the Meeting, the Monitor shall tally the votes cast and determine whether the Plan has achieved creditor approval ("**Creditor Approval**").
34. The Monitor shall file its report to this Court by no later than one Business Day after the day the Meeting occurs with respect to whether the Plan has achieved Creditor Approval.

VOTING OF UNRESOLVED CLAIMS

35. Where an Affected Claim in respect of which a Proof of Claim has been filed in accordance with the Claims Procedure Order but that, as at any applicable time, has not been (i) determined to be an accepted Claim, or (ii) finally disallowed it shall be considered an "**Unresolved Claim**" for the purposes of this Meeting Order and the Meeting.
36. Notwithstanding anything to the contrary herein or in the Plan, each Affected Creditor with an Unresolved Claim against the Applicant as at the Meeting Date shall be entitled to attend the Meeting and shall be entitled to one vote at the Meeting in respect of such Unresolved Claim in accordance with the Claims Procedure Order. Any vote cast in respect of an Unresolved Claim shall be dealt with in accordance with paragraph 38, unless and until (and then only to the extent

that) such Unresolved Claim is ultimately determined to be: (i) a Allowed Claim, in which case such vote shall have the dollar value attributable to such Allowed Claim; or (ii) disallowed, in which case such vote shall not be counted for any purpose.

37. The Monitor shall keep a separate record of votes cast by Affected Creditors with Unresolved Claims and shall report to the Court with respect thereto at the Sanction Hearing. If approval or non-approval of a Plan by Affected Creditors of the applicable Applicant would be altered by the votes cast in respect of Unresolved Claims: (i) such result shall be reported to the Court as soon as reasonably practicable after the Meeting; (ii) if a deferral of the Sanction Hearing is deemed to be necessary or advisable by the Monitor (in consultation with the Applicant), the Monitor shall request an appropriate deferral of the Sanction Hearing; and (iii) the Monitor may make a request to the Court for directions.
38. The Applicant and the Monitor shall have the right to seek the assistance of the Court at any time in valuing any Unresolved Claim if required to ascertain the result of any vote on the Plan.

VOTING BY PROXIES

39. All proxies submitted in respect of the Meeting (or any adjournment thereof) shall be in substantially the form attached to this Meeting Order as Schedule "C" or in such other form as is acceptable to the Monitor or the Chair.
40. An Affected Creditor wishing to appoint a proxy to represent such Affected Creditor at the Meeting (or any adjournment thereof) may do so by inserting such Person's name in the blank space provided on the form of proxy and sending the completed form to the Monitor by e-mail to cbrowning@kpmg.ca, or if the completed form cannot be sent by e-mail, it shall be sent by regular mail, facsimile or courier to:

KPMG Inc.
Suite 3100, Bow Valley Square II
205 – 5th Avenue S.W.
Calgary, Alberta T2P 4B9

Attention: Neil Honess / Cameron Browning
Facsimile: (403) 691-8009

41. A proxy must be received by the Monitor by noon (Calgary time) on the last Business Day preceding the date set for the Meeting or any adjournment thereof, or delivered by hand to the Chair prior to the commencement of the Meeting (or commencement of an adjourned Meeting in case of adjournment). After commencement of the Meeting (or commencement of an adjourned Meeting in case of adjournment), no proxies shall be accepted by the Monitor.
42. The following shall govern the submission of proxies and any deficiencies in respect of the form or substance of proxies filed with the Monitor:
- (a) an Affected Creditor who has given a proxy may revoke it (unless it has agreed otherwise) as to any matter on which a vote has not already been cast pursuant to its authority, by an instrument in writing executed by such Affected Creditor or by its attorney, duly authorized in writing or, if an Affected Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited with the Monitor as provided in paragraph 40;

- (b) if no name has been inserted in the space provided to designate the proxyholder on the proxy, the Affected Creditor shall be deemed to have appointed NEIL HONESS of the Monitor (or such other Person as NEIL HONESS, in his sole discretion, may designate) as the Affected Creditor's proxyholder;
- (c) if the proxy is not dated in the space provided, it shall be deemed to be dated on the date it is received by the Monitor;
- (d) a proxy submitted by an Affected Creditor that bears or is deemed to bear a later date than an earlier proxy submitted by such Affected Creditor shall be deemed to revoke the earlier proxy;
- (e) if more than one valid proxy for the same Affected Creditor and bearing or deemed to bear the same date are received by the Monitor with conflicting instructions, such proxies shall not be counted for the purposes of the vote;
- (f) the Person named in the proxy shall vote the Affected Claim of the Affected Creditor in accordance with the direction of the Affected Creditor appointing such Person on any ballot that may be called for. In the absence of any such direction, such Affected Claim shall be voted in favour of the Plan resolution;
- (g) a proxy confers a discretionary authority upon the Person named therein with respect to amendments or variations to the matters identified in the notices of the Meeting and in this Plan, and with respect to other matters that may properly come before the Meeting; and
- (h) the Monitor in consultation with the Applicant is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

PERSONS NOT ENTITLED TO VOTE

43. For greater certainty, and notwithstanding anything else contained herein, the following Persons, in such capacity, shall have no right to, and shall not, vote at the Meeting: (i) Unaffected Creditors, (ii) Equity Claimants, (iii) any other Person asserting Claims against the Applicant whose Claims do not constitute Affected Claims on the Meeting Date, and (iv) any Creditor holding a Claim that has not been filed or asserted in accordance with the Claims Procedure Order, or that has filed a Claim that has been disallowed and for which the appeal period has expired with no appeal.

TRANSFERS OR ASSIGNMENTS OF CLAIMS

44. If an Affected Creditor transfers or assigns an Affected Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Affected Claim at the Meeting unless (i) actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been delivered to the Monitor not less than five calendar days prior to the date of the Meeting, and (ii) the assignee or transferee has been acknowledged by the Monitor as the holder of the Affected Claim.
45. If an Affected Creditor transfers or assigns (i) the whole of an Affected Claim to more than one Person, or (ii) part of such Affected Claim to another Person or Persons, such transfers or

assignments shall not create separate Affected Claims for voting purposes. Only the last Affected Creditor holding the whole of the Affected Claim may attend and vote the transferred or assigned Affected Claim at the Meeting, unless such Affected Creditor delivers notice in writing to the Applicant and the Monitor no later than five calendar days prior to the date of the Meeting directing that a specified transferee or assignee may vote the whole of such Affected Claim at the Meeting if and to the extent such Affected Claim may otherwise be voted at such Meeting.

HEARING FOR SANCTION OF THE PLAN

46. If the Plan achieves Creditor Approval, the Applicant shall seek Court approval of the Plan at a motion for the Sanction Order, which motion shall be returnable before this Court at 10:00 a.m. (Calgary time) on December 6, 2019, or as soon after that date as the matter can be heard (the "**Sanction Hearing**").
47. Service of the Monitor's Third Report, the service and posting of the Information Package and the publication of the Newspaper Notice, all in accordance with this Order, shall constitute good and sufficient service of the notice of the Sanction Hearing on all Persons who may be entitled to receive notice of the Sanction Hearing, and no other form of notice or service need be made on such Persons, and no other document or materials need be served on such Persons in respect of the Sanction Hearing unless they have filed and served a demand of notice ("**Demand of Notice**").
48. Any Person (other than the Applicant, the Monitor and other Persons already on the Service List) wishing to receive materials and appear at the Sanction Hearing shall serve upon the lawyers for the Applicant and the Monitor, and file with this Court, a Demand of Notice by not later than 5:00 p.m. (Calgary time) on December 2, 2019.
49. Any party who wishes to oppose the motion for final sanctioning of the Plan shall serve upon the lawyers for both the Applicant and the Monitor, and upon all other parties on the Service List, by not later than 5:00 p.m. (Calgary time) on December 3, 2019, a copy of the materials to be used to oppose the motion for approval of the Plan, setting out the basis for such opposition.
50. If the Sanction Hearing is adjourned, only those Persons who are listed on the Service List (which shall include those Persons who have complied with paragraph 40 of this Order) shall be served with notice of the adjourned date.

GENERAL

51. The Monitor in consultation with the Applicant may, in its discretion, generally or in individual circumstances, waive in writing the time limits imposed on any Affected Creditor under this Meeting Order if the Monitor, in consultation with the Applicant deems it advisable to do so, without prejudice to the requirement that all other Affected Creditors must comply with this Meeting Order.
52. If any deadline set out in this Meeting Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.
53. Notwithstanding the terms of this Meeting Order, the Applicant or the Monitor may apply to this Court from time to time for such further order or orders as it considers necessary or desirable to amend, supplement or replace this Meeting Order.

EFFECT, RECOGNITION AND ASSISTANCE OF OTHER COURTS

54. This Meeting Order and any other Order in this proceeding shall have full force and effect in all provinces and territories in Canada and abroad and as against all Persons against whom they may otherwise be enforceable.
55. This Court hereby requests the aid and recognition (including assistance pursuant to the provisions of the CCAA, as applicable) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or any court or any judicial, regulatory or administrative body of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Meeting Order.
56. The Applicant or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Meeting Order or for advice and direction concerning the discharge of their respective powers and duties under this Meeting Order or the interpretation or application of this Meeting Order.

Justice of the Court of Queen's Bench of Alberta

[SCHEDULE "A" - INSERT COPY OF PLAN]

SCHEDULE "B"

NOTICE TO AFFECTED CREDITORS

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

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF
STRATEGIC OIL & GAS LTD. AND STRATEGIC TRANSMISSION LTD.

THIS NOTICE concerns a plan of compromise and arrangement (the "**Plan**") proposed by Strategic Oil & Gas Ltd. (the "**Applicant**") under the *Companies Creditors' Arrangement Act* (the "**CCAA**").

All capitalized terms not otherwise defined in this Notice to Affected Creditors have the meaning given to them in the order of the Court of Queen's Bench of Alberta (the "**Court**") dated October 11, 2019 (the "**Meeting Order**").

NOTICE IS HEREBY GIVEN THAT a meeting (the "**Meeting**") of the Affected Creditors of the Applicant will be held for the following purposes:

- (1) to consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan proposed by the Applicant; and
- (2) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Meeting is being held pursuant to the Meeting Order.

NOTICE IS ALSO HEREBY GIVEN that the Meeting Order established the procedures for the Applicant to call, hold and conduct the Meeting to consider and pass the resolution described above, if thought advisable, and to transact such other business as may be properly brought before the Meeting. For the purposes of considering and voting on the Plan, there will be one (1) Meeting as follows:

- (1) a meeting of all of the Affected Creditors of the Applicant, where all such Affected Creditors shall be divided into two classes as set out below:

<u>Affected Creditors Class</u>	<u>Affected Claims</u>
Noteholder Class	Noteholder Claims
Unsecured Class	Unsecured Claims

NOTICE IS ALSO HEREBY GIVEN that the Meeting will be held at the following date, time and location:

Date: November 29, 2019

Time: 2:00 p.m. (Calgary time)

Location: Dentons Canada LLP
15th Floor, 850 -2nd Street, SW
Calgary, Alberta, at Calgary, Alberta

Subject to paragraphs 25 and 36 of the Meeting Order, only Affected Creditors with Voting Claims against the Applicant as at the Meeting Date will be eligible to attend the Meeting and vote on the Resolution to approve the Plan. The votes of Affected Creditors holding Unresolved Claims will be separately tabulated and Unresolved Claims will not be counted unless, until and only to the extent that such Unresolved Claims are finally determined to be Voting Claims. A holder of an Unaffected Claim or Equity Claim shall not be entitled to attend or vote at the Meeting in respect of such Unaffected Claim.

Any Affected Creditors who are unable to attend the Meeting may vote by proxy, subject to the terms of the Meeting Order. Further, any Affected Creditors who are not individuals may only attend and vote at the Meeting if they have appointed a proxy holder to act on their behalf at such Meeting.

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meeting in accordance with the Meeting Order and the Plan and all other necessary conditions are met, the Applicant intends to make an application to the Court on December 6, 2019 at 10:00 a.m. seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for the Applicant, the Monitor as well as those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 5:00 p.m. (Calgary time) on December 3, 2019.

NOTICE IS ALSO HEREBY GIVEN that in order for the Plan to become effective:

- i. the Plan must be approved by the Required Majority of Affected Creditors entitled to vote and voting on the Plan as required under the CCAA and in accordance with the terms of the Meeting Order and the Plan;
- ii. the Plan must be sanctioned by the Court; and
- iii. conditions to implementation and effectiveness of the Plan as set out in the Plan must be satisfied or waived.

Additional copies of the Affected Creditor Meeting Materials including the Plan, may be obtained from the Monitor's Website at <http://home.kpmg/ca/strategic>, or by contacting the Monitor by telephone at (403) 691-0413 or cbrowning@kpmg.ca.

DATED at Calgary, Alberta, this ____ day of _____, 2019.

SCHEDULE "C"

AFFECTED CREDITOR'S PROXY

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

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF STRATEGIC OIL &
GAS LTD. AND STRATEGIC TRANSMISSION LTD.

FOR AFFECTED CREDITORS OF STRATEGIC OIL & GAS LTD.

Capitalized terms used and not otherwise defined herein have the meanings given to them in the Plan of Compromise and Arrangement of the Applicant dated as of October __, 2019 (as may be amended, restated or supplemented from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Court of Queen's Bench of Alberta (the "**Court**"), or the Meeting Order, as applicable.

In accordance with the Meeting Order and the Plan, this proxy may only be filed by an Affected Creditor having a Voting Claim or an Unresolved Claim (an "**Eligible Voting Creditor**").

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints Neil Honess of KPMG Inc., or his designate, in its capacity as Monitor of the Applicant,

OR

instead of the foregoing, _____, or such other Person as he/she, in his/her sole discretion, may designate to attend on behalf of and act for the Eligible Voting Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meeting, and to vote the amount of the Eligible Voting Creditor's claim(s) for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order, Claims Procedure Order and set out in the Plan as follows:

1. (mark one only):

- Vote **FOR** approval of the resolution to accept the Plan; or
- Vote **AGAINST** approval of the resolution to accept the Plan.

If this proxy is submitted and a box is not marked as a vote for or against approval of the resolution this proxy shall be voted **FOR** approval of the resolution.

- and -

2. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Eligible Voting Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meeting or any adjournment, postponement or other rescheduling of such Meeting.

Dated this ____ day of _____, 2019.

Print Name of Eligible Voting Creditor

Title of the authorized signing officer of the corporation, partnership or trust, if applicable

Signature of Eligible Voting Creditor or, if the Eligible Voting Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

Telephone number of Eligible Voting Creditor or authorized signing officer

E-mail Address of Eligible Voting Creditor

Mailing address of Eligible Voting Creditor

Print Name of Witness, if Eligible Voting Creditor is an individual

INSTRUCTIONS FOR COMPLETION OF PROXY

1. Each Affected Creditor has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on the Affected Creditor's behalf and such right may be exercised by inserting in the space provided the name of the person to be appointed. An individual Affected Creditor of the Applicant wishing to attend and vote in person at the Meeting should insert the Affected Creditor's own name in the space provided. **If no name has been inserted in the space provided, the Affected Creditor will be deemed to have appointed Neil Honess of KPMG Inc. (or his designate) as the Affected Creditor's proxyholder.**
2. **If Neil Honess (or his/her designee) is appointed or deemed to be appointed as proxyholder and the Affected Creditor fails to indicate on this Proxy a vote for or against the approval of the resolution to accept the Plan, including any amendments, variations, or supplements thereto, this Proxy will be voted FOR approval of the resolution.**
3. If this Proxy is not dated in the space provided, it will be deemed to bear the date on which it is received by the Monitor.
4. This Proxy must be signed by the Affected Creditor or by the Affected Creditor's attorney duly authorized in writing or, if the Affected Creditor is a corporation, by a duly authorized officer or attorney of the corporation specifying the title of such officer or attorney.
5. Valid proxies bearing or deemed to bear a later date will revoke this Proxy. If more than one valid proxy for the same Affected Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such proxies will be treated as disputed proxies and will not be counted.
6. This Proxy must be received by the Monitor by no later than 3:00 p.m. (Calgary time) on the last Business Day before the Meeting or any adjournment thereof, at the address set out below:

Mail or email:

KPMG Inc.
Court-appointed Monitor of Strategic Oil & Gas Ltd. and Strategic Transmission Ltd.
Suite 3100, Bow Valley Square II
205 – 5th Avenue S.W.
Calgary, Alberta T2P 4B9

Attention: Neil Honess/Cameron Browning
Email neilhonest@kpmg.ca / cbrowning@kpmg.ca

SCHEDULE "D"

NEWSPAPER NOTICE TO AFFECTED CREDITORS

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

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF
STRATEGIC OIL & GAS LTD. AND STRATEGIC TRANSMISSION LTD.

In this Notice, the "**Applicant**" means Strategic Oil & Gas Ltd.

This notice is being published pursuant to the order of the Alberta Court of Queen's Bench dated October 11, 2019 (the "**Meeting Order**") which established the procedures for the Applicant to call, hold and conduct a meeting of its affected creditors (the "**Meeting**") to consider and vote on the Plan of Compromise and Arrangement of the Applicant dated October ____, 2019 (as may be amended from time to time, the "**Plan**") and to transact such other business as may be properly brought before the Meeting. The Meeting will be held at the following date, times and location:

Date: November 29, 2019

Time: 2:00 p.m. (Calgary Time)

Location: Dentons Canada LLP
15th Floor, 850 -2nd Street, SW
Calgary, Alberta, at Calgary, Alberta

ONLY THOSE CREDITORS WITH AFFECTED CLAIMS (AS SUCH TERM IS DEFINED IN THE PLAN), OR THEIR RESPECTIVE PROXY HOLDERS, SHALL BE ENTITLED TO ATTEND AND VOTE ON THE PLAN AT THE CREDITORS' MEETING.

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meeting in accordance with the Meeting Order and the Plan and all other necessary conditions are met, the Applicant intends to make an application to the Court on December 6, 2019 seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for the Applicant, the Monitor as well as those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 5:00 p.m. (Calgary time) on December 3, 2019.

Important documents which you should review (the "**Information Package**"), including the Plan, the Meeting Order, the Monitor's Third Report, and the Proxy are available from the website of the Court-appointed monitor, KPMG Inc. (the "**Monitor**") <http://home.kpmg/ca/strategic>.

If you are unable to access this website, you may obtain a copy of the Information Package by contacting the Monitor by e-mail at cbrowning@kpmg.ca or by telephone at (403) 691-8413

SCHEDULE "E"

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

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.A. 2000, c. B-9, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF
STRATEGIC OIL & GAS LTD. AND STRATEGIC TRANSMISSION LTD.

TEXT OF PLAN RESOLUTION

RESOLUTION TO BE VOTED UPON:

BE IT RESOLVED THAT:

1. the Plan of Compromise and Arrangement dated, October __, 2019, filed by Strategic Oil & Gas Ltd. under the *Companies' Creditors Arrangement Act*, as may be amended, restated or supplemented in accordance with its terms (the "**Plan**"), presented to the Meeting (as defined in the Plan) be and is hereby accepted.