

# Connacher Announces Meetings of Creditors and Supplemental Claims Procedure

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CALGARY, Aug. 22, 2018 - [Connacher Oil and Gas Ltd.](#) ("Connacher" or the "Company") announced today that its amended and restated plan of compromise and arrangement dated August 13, 2018 (the "Plan") has been accepted for filing by the Court of Queen's Bench of Alberta (the "Court") in connection with the Company's restructuring proceedings under the Companies' Creditors Arrangement Act (the "CCAA").

In connection with the filing of the Plan, the Court has granted orders (i) authorizing meetings of the Company's creditors to be held on October 3, 2018 to consider approval of the Plan (the "Creditors' Meetings Order"); (ii) approving and authorizing Connacher's entry into the previously announced Purchase and Sale Agreement dated August 2, 2018 (the "Purchase Agreement") between the Company and East River Oil and Gas Ltd. (the "Plan Sponsor") and, in the event that the Plan is not implemented, authorizing the Company to perform its obligations under the Purchase Agreement (the "Approval and Vesting Order"); and (iii) approving a supplemental claims procedure (the "Supplemental Claims Procedure") for the identification and determination of certain priority claims, non-continuing employee claims, and certain post-filing claims against the Company, and post-CCAA filing claims against Connacher's directors and officers (the "Supplemental Claims Procedure Order").

Ernst & Young Inc. is overseeing the Company's CCAA proceeding as the court-appointed Monitor (the "Monitor"). Terms not otherwise defined herein have the meanings provided for in the Plan, which is available on the Monitor's website at [www.ey.com/ca/connacheroilandgas](http://www.ey.com/ca/connacheroilandgas) (the "Website").

## The Plan

The Creditors' Meetings Order contains a provision approving the Company's execution and delivery of the previously announced Plan Sponsorship Agreement dated August 2, 2018 (the "Plan Sponsorship Agreement"), and authorizes the Company to take all steps and to comply with its obligations thereunder. The Company is now preparing to implement the terms of the Plan Sponsorship Agreement, including its preparations for the Creditors' Meetings (as defined below) and the solicitation of claims under the Supplemental Claims Procedure, each as set out in further detail below.

The Plan provides that, subject to the terms and conditions set out therein, the Plan Sponsor will acquire a 100% equity interest in the Company for cash consideration of \$113.5 million. The Plan provides for payments and distributions to the Company's affected creditors with proven claims from the cash consideration plus the Company's existing cash as determined and adjusted pursuant to the Plan.

As the cash consideration being paid by the Plan Sponsor under the plan, along with Connacher's adjusted existing cash, is insufficient to pay all of the claims of creditors of Connacher in full, no value will accrue to Connacher's shareholders as a result of the implementation of the Plan and the outstanding shares and options of Connacher will be cancelled for no consideration and without any vote of the existing shareholders.

The above description is a summary only and is subject to the final provisions of the Plan.

## Creditors' Meetings

## Voting by Affected Creditors

The Plan contemplates two classes of creditors: (i) a class of the Company's first lien lenders (the "First Lien

Lender Class"); and (ii) a class (the "General Creditor Class") comprised of all other affected creditors, other than holders of certain priority claims and holders of equity claims in the Company (each, a "General Creditor"). The first lien lenders will vote in both the First Lien Lender Class and, with respect to their deficiency claims, in the General Creditor Class.

The Court has ordered a meeting of the First Lien Lender Class and a meeting of the General Creditor Class to take place on October 3, 2018 at 10:00 a.m. and 10:15 a.m. (Calgary time) (together, the "Creditors' Meetings"), respectively, at the offices of the Company's legal counsel, Cassels Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3rd Street SW, Calgary, Alberta. The purpose of the Creditors' Meetings will be to consider and, if deemed advisable, to pass, with or without variation, resolutions approving the Plan.

To become effective under the CCAA, the Plan must be submitted to meetings of each class of creditors and each class must approve the Plan by a majority in number representing at least two thirds in value of the voting claims of creditors who actually vote (in person or by proxy) at each of the Creditors' Meetings (the "Required Majorities"). The Creditors' Meetings will be conducted pursuant to the Creditors' Meetings Order granted by the Court on August 22, 2018.

#### No Voting by Equity Claims

The Plan provides that all existing shares and related equity instruments and claims of Connacher (collectively, the "Equity Claims") will be cancelled and extinguished for no consideration and without any return of capital. Holders of Equity Claims will not be entitled to attend or vote at the Creditors' Meetings.

#### Sanction Hearing

If the Plan is approved at the Creditors' Meetings, Connacher intends to bring an application (the "Sanction Hearing") before the Court on October 4, 2018 at 10:00 a.m. (Calgary time) or such later date as may be posted on the Website, at the Court located at Calgary Courts Centre, 601 5 Street SW, Calgary, Alberta.

At the Sanction Hearing, Connacher will be seeking the granting of an order sanctioning the Plan under the CCAA and for ancillary relief consequent upon such sanction. Any objections to the Sanction Hearing must be served on Connacher, the Monitor and the service list no later than 5:00 p.m. on the date that is seven (7) business days prior to the Sanction Hearing.

#### Notification of Voting Process

Forthwith after the granting of the Creditors' Meetings Order, the Monitor will send meeting materials to (i) the first lien agent for distribution to each beneficial first lien lender, (ii) to each General Creditor (other than first lien lenders, second lien noteholders and non-continuing employees), at the address set out in such General Creditor's proof of claim, and (iii) to each non-continuing employee at the address set out in the books and records of the Company. The meeting materials include a notice of the applicable Creditors' Meeting(s), an information circular (the "Circular"), and a form of proxy. The Monitor has posted a copy of the meeting materials, including the Circular, on the Website.

Detailed instructions as to how affected creditors (other than beneficial holders of second lien notes ("Beneficial Noteholders")) can vote at the applicable Creditors' Meeting(s) are set out in the Circular. Except for certain excepted affected creditors, as detailed in the Circular, an affected creditor may, generally, attend at the applicable Creditors' Meeting(s) in person or may appoint another person as its proxyholder to attend the meeting on their behalf.

Special procedures apply to voting by Beneficial Noteholders and are set out in the Circular and a Beneficial Noteholder may vote at the General Creditor Class meeting by following these procedures.

Beneficial Noteholders should promptly contact the institution holding their second lien notes (each, a "Participant Holder") and obtain and follow their Participant Holder's instructions with respect to the

applicable voting procedures and deadlines, which may be earlier than the deadlines that are applicable to other affected creditors. It should be noted that the only way for a Beneficial Noteholder to vote is to provide voting instructions and disclose the Beneficial Noteholder's information to the applicable Participant Holder. No other voting channel will be available and no other form of proxy will be used to vote the second lien deficiency claims held by Beneficial Noteholders.

Any requests for assistance relating to the procedure for delivering voting instructions or if you wish to attend the General Creditor Class meeting in person may be directed to Kingsdale Advisors (the "Solicitation Agent") at the following address:

Kingsdale Advisors  
The Exchange Tower  
130 King Street West, Suite 2950  
P.O. Box 361  
Toronto, ON  
M5X 1E2

Phone: 416-867-2272  
North American Toll Free: 1-877-659-1821  
Email: [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)

#### Supplemental Claims Procedure Order

On August 22, 2018, the Court also granted the Supplemental Claims Procedure Order. The Supplemental Claims Procedure Order establishes, among other things, a process for the identification, quantification and determination of secured claims, non-continuing employee claims and certain post-filing claims against the Company and post-CCAA filing claims against the directors and officers.

Claimants asserting secured claims against the Company or post-filing claims against the directors and officers are required to file a proof of claim with the Monitor prior to 1:00 p.m. (Calgary time) on September 19, 2018 (the "Supplemental Claims Bar Date").

With respect to non-continuing employee claims and post-CCAA filing claims, the Company is conducting a "negative option" claims process through which the Company will provide each non-continuing employee and each claimant who the Company believes holds a post-filing claim a notice identifying the amount owed to such person according to the Company's books and records (the "Claim Determination"). If a holder of a post-filing claim or a non-continuing employee claim disagrees with the Claim Determination, such holder may provide to the Monitor a notice of dispute by no later than fifteen (15) calendar days after delivery of the notice of post-CCAA filing claim or notice of non-continuing employee claim, as applicable. If no notice of dispute is timely provided to the Monitor, the Claim Determination will be deemed to be final. Claimants who believe they hold non-continuing employee claims or post-filing claims but do not receive a notice from the Company are required to file a proof of claim prior to the Supplemental Claims Bar Date, in the case of non-continuing employee claims, or prior to 1:00 p.m. (Calgary time) on October 1, 2018 (the "Post-Filing Claims Bar Date").

#### Approval and Vesting Order

On August 22, 2018, the Court granted the Approval and Vesting Order with respect to the transaction contemplated by the Purchase Agreement, which among other things, approves the Purchase Agreement and provides for the vesting of the Company's assets free and clear of certain encumbrances in the Plan Sponsor upon delivery of the monitor's certificate. The Approval and Vesting Order will not be relied upon unless and until a CCAA plan termination event occurs and the monitor's certificate described in the Approval and Vesting Order is delivered by the Monitor.

#### Extension of the Stay of Proceedings

In connection with its pursuit of the transactions described above, the Company has obtained an extension

