COURT FILE NUMBER	1201-01367	CLERK OF THE COURT FILED Clerk's Stamp FEB 23 2012 JUDICIAL CENTRE OF CALGARY
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	Calgary	
APPLICANT	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended** **AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9** **AND IN THE MATTER OF COUGAR OIL AND GAS CANADA INC.**	
DOCUMENT	**ORDER**	I hereby certify this to be a true copy of the original Order Dated this 23 day of February 2012 for Clerk of the Court
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Patrick T. McCarthy, Q.C./Robyn Gurofsky Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9441/232-9774 Facsimile: (403) 266-1395 Email: RGurofsky@blg.com File No. 438664-000014	

DATE ON WHICH ORDER WAS PRONOUNCED: February 23, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice C.A. Kent

UPON THE APPLICATION of Cougar Oil and Gas Canada Inc. ("**Cougar**"); **AND UPON** having read the initial order in these proceedings granted on February 3, 2012 (the "**Initial Order**"), and the pleadings and materials filed herein; **AND UPON** having read the Affidavit of William S. Tighe sworn February 2, 2012 filed, the Affidavit of Williams S. Tighe sworn February 17, 2012, filed, and the First Report of Ernst & Young Inc. (the "**Monitor**") dated February 17, 2012, filed; **AND UPON** hearing submissions from counsel for Cougar, the Monitor, Canadian Western Bank and for other interested parties in these proceedings; **AND UPON** it appearing that all interested and affected parties have been served with notice of this application; IT IS HEREBY ORDERED THAT:

1. Service of notice of this application and the supporting materials is hereby validated, no other person is required to have been served with notice of this application and time for service of this application is hereby abridged to that actually given, if necessary;

2. Cougar is authorized to enter into a credit agreement with Zentrum Energie Trust AG or its nominee ("**Zentrum**"), in substantially the form attached as Exhibit "A" to the Affidavit of Williams S. Tighe sworn February 17, 2012 (the "**Zentrum Credit Agreement**") and to draw funds in accordance with the terms of the Zentrum Credit Agreement..

3. Cougar and the Monitor are hereby authorized and directed to do all such things as are reasonably necessary to implement and perform all of their respective obligations under the Zentrum Credit Agreement.

4. As security for monies advanced by Zentrum to Cougar pursuant to the Zentrum Credit Agreement a charge is hereby granted on all of the undertakings, properties and assets of Cougar (the "**DIP Charge**") ranking in priority to the administrative charge and the directors' charge as granted and set out in the Initial Order, and except as specifically provided below, all funds advanced pursuant to the Zentrum Credit Agreement and secured by the DIP Charge shall rank subsequent to the obligations owed by Cougar to the Canadian Western Bank (the "**CWB Obligations**") but shall rank in priority to all subsequent claims and security against the undertakings, properties and assets of Cougar.

5. Notwithstanding anything in paragraph 4 above, all advances made pursuant to the Zentrum Credit Agreement and deposited by Cougar with the Energy Resources Conservation Board (the "**ERCB**") in respect of the Licensee Liability Rating program (the "**LLR Program**"), shall rank in priority to the CWB Obligations, only in respect of any funds so deposited which are subsequently released by the ERCB.

6. Cougar shall not sell, transfer or convey any of its oil and gas assets unless such sale, transfer or conveyance results in the full repayment or release of the funds deposited by Cougar with the ERCB in respect of the LLR Program, or unless such sale, transfer or conveyance is consented to by Zentrum and approved by the Court where necessary in accordance with paragraph 10 of the Initial Order.

7. The definition of "Charges" contained in the Initial Order is amended to include the DIP Charge.

8. The Zentrum Credit Agreement and the DIP Charge shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of Cougar or any assignment in bankruptcy made or deemed to be made by Cougar; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds Cougar (a "**Third Party Agreement**"), except as provided for herein, and notwithstanding any provision in any Third Party Agreement:

(a) Neither the creation of the DIP Charge, nor the execution, delivery or performance of the Zentrum Credit Agreement shall create or be deemed to constitute a breach by Cougar of any Third Party Agreement; and

(b) The parties to the Zentrum Credit Agreement shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the DIP Charge or the execution, delivery or performance of the Zentrum Credit Agreement.

9. Notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings; (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of Cougar, or any assignment in bankruptcy made or deemed to have been made in respect of Cougar; and (iii) the provisions of any federal or provincial statute, the Zentrum Credit Agreement and the DIP charge shall constitute legal, valid and binding obligations of Cougar enforceable against it in accordance with the terms thereof, and the payments made by the parties pursuant to this Order, the Zentrum Credit Agreement, or the DIP Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

10. Notwithstanding any other provision of this Order, the rights and remedies of the parties under the Zentrum Credit Agreement shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.

11. Cougar, Zentrum and the Monitor are at liberty to apply for such further advance, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

12. Cougar shall serve, by courier, facsimile transmission, email transmission or ordinary post, a copy of this Order on all parties present at this application and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

13. The Stay Period, as defined in the Initial Order, is hereby extended up to and including May 23, 2012.

Justice of the Court of Queen's Bench of Alberta