

COURT FILE NUMBER 1601-05495
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT MOSAIC ENERGY LTD.

Clerk's Stamp



APPLICANT ERNST & YOUNG INC. in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of MOSAIC ENERGY LTD.

DOCUMENT

**ORDER
(Strath Resources Sale Approval and Vesting Order)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
randalvandemosselaer@nortonrosefulbright.com

Attention: Howard A. Gorman, Q.C. / Randal S. Van de Mosselaer

File No.: 01128610-0068

I hereby certify this to be a true copy of the original order
Dated this 14 day of Dec 2016
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: December 14, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice K. M. Horner

UPON THE APPLICATION of Ernst & Young Inc. in its capacity as Court-appointed Receiver ("Receiver") of the current and future assets, undertakings and properties of Mosaic Energy Inc. (the "Debtor") for an order approving the sale transaction (the "Strath Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Strath Resources Ltd. (the "Purchaser") (as Assignee of the Sale Agreement from 1040231 Alberta Ltd.) dated November 25, 2016 and appended to the Confidential Supplement to the Fifth Report of the Receiver dated December 5, 2016 (the "Report"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the

assets in the Kakwa area of Alberta as described in the Sale Agreement as the "Assets" (the "**Purchased Assets**");

AND UPON HAVING READ the Receivership Order dated April 26, 2016 (the "**Receivership Order**"), the Fifth Report of the Receiver filed December 6, 2016 and the Confidential Supplement to the Fifth Report of the Receiver; **AND UPON** hearing counsel for the Receiver and any other interested parties that may be present; **AND UPON IT APPEARING** that all interested and affected parties have been served with notice of this Application; **AND UPON** having read the pleadings, proceedings, orders and other materials filed in this action;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

2. The Strath Transaction is hereby approved and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver and the Purchaser may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Strath Transaction or for the conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

3. Upon the delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in Schedule "A" hereto (the "**Receiver's Certificate**"), subject only to approval of the transfer of applicable licences, permits, and approvals by the Alberta Energy Regulator pursuant to legislation administered by the AER, all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement as the "Assets" shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, rights of set-off, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting *the generality of the foregoing*:

- a. any encumbrances or charges created by the Receivership Order or any other Order of this Court;
- b. all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act (Alberta)* or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”); and
- c. for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets;

but in all cases save and except for the Permitted Encumbrances, as that term is defined in the Sale Agreement (the “**Permitted Encumbrances**”).

- 4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
- 5. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Strath Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor except as otherwise provided in the Sale Agreement.
- 6. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
- 7. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
- 8. Immediately after the closing of the Strath Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtor.

9. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
10. Pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act and section 20(e) of the Alberta Personal Information Protection Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
11. The Receiver, with the consent of the Purchaser, shall be at liberty to extend the Closing Date (as that term is defined in the Sale Agreement) to such later date as those parties may agree without the necessity of a further Order of this Court, provided that the Closing Date occurs by February 15, 2017.
12. Notwithstanding:
 - a. The pendency of these proceedings;
 - b. Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
 - c. Any assignment in bankruptcy made in respect of the Debtor

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act (Canada)* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
13. For greater certainty and notwithstanding anything to the contrary in this Order, any other Order of this Court or in the Sale Agreement, all right, title and interest in and to any claims of the Debtor against Pembina Pipeline Corporation, Pembina Gas Services Limited Partnership, Pembina Infrastructure & Logistics LP, and Pembina Midstream Limited Partnership (collectively "Pembina") or any related or affiliated entity to Pembina, in existence or arising prior to Closing Date of the Sale

Agreement, including without limitation the claims set out in the action commenced by the Receiver for and on behalf of the Debtor as Court of Queen's Bench Action number 1601-14332, is and shall remain an asset of the Debtor and is not and shall not be transferred to or vest in the Purchaser.

14. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Strath Transaction.

MISCELLANEOUS MATTERS

15. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
16. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
17. Service of this Order on any party not attending this application is hereby dispensed with.


J.C. C.Q.B.A.

Schedule "A"**Form of Receiver's Certificate**

COURT FILE NUMBER	1601-05495	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	NATIONAL BANK OF CANADA	
DEFENDANT	MOSAIC ENERGY LTD.	
	IN THE MATTER OF THE RECEIVERSHIP OF MOSAIC ENERGY LTD.	
APPLICANT	ERNST & YOUNG INC. in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of MOSAIC ENERGY LTD.	
DOCUMENT	RECEIVER'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Norton Rose Fulbright Canada LLP 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 Phone: +1 403.267.8222 Fax: +1 403.264.5973 Email: howard.gorman@nortonrosefulbright.com / randalvandemosselaer@nortonrosefulbright.com Attention: Howard A. Gorman, Q.C. / Randal S. Van de Mosselaer File No.: 01128610-0068	

RECITALS

- A. Pursuant to an Order of the Honourable Justice P. R. Jeffrey of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated April 26, 2016, Ernst & Young Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Mosaic Energy Ltd. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated December 14, 2016 the Court approved the agreement of purchase and sale made as of November 25, 2016 (the "**Sale Agreement**") between the Receiver and Strath Resources Ltd. (as Assignee from 1040231 Alberta Ltd.) (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the

Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 3.2, 3.3 and 3.4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 3.2, 3.3 and 3.4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

Ernst & Young Inc., in its capacity as Receiver of the undertaking, property and assets of Mosaic Energy Ltd., and not in its personal capacity.

Per; _____

Name:

Title: