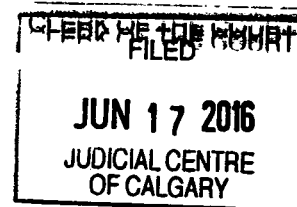


COURT FILE NUMBER 1601-05495
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT MOSAIC ENERGY LTD.

Clerk's Stamp



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 **APPLICATION (Approval of SISP and
Restricted Court Access 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

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Email: howard.gorman@nortonrosefulbright.com /
randalvandemosselaer@nortonrosefulbright.com

Attention: Howard A. Gorman, Q.C. / Randal S. Van de Mosselaer
File No.: 01128610-0068

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Justice.

To do so, you must be in Court when the application is heard as shown below:

Date: June 21, 2016
Time: 11:00 a.m.
Where: Calgary Courts Centre
Before Whom: The Honourable Madam Justice K.M. Eidsvik

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Ernst & Young Inc. in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Mosaic Energy Inc. (**Mosaic**) seeks the following relief:
 - a. Abridging, if necessary, the time for service of this Application and supporting materials, and declaring service of same to be good and sufficient.
 - b. A Restricted Court Access Order, substantially in the form attached hereto as **Schedule "A"**, in respect of the Confidential Supplemental Report to the First Report of the Receiver to be filed in support of this Application.
 - c. An Order, substantially in the form attached hereto as **Schedule "B"**, approving the engagement of the Selling Agent on the terms of the Engagement Letter (as those terms are defined below and in the First Report of the Receiver) a redacted copy of which is attached as Appendix "A" to the First Report of the Receiver and an unredacted copy of which is attached as Appendix "A" to the Confidential Supplemental Report to the First Report of the Receiver, and the proposed Sale and Investment Solicitation Process, a copy of which is attached as Appendix "B" to the First Report of the Receiver, and declaring that:
 - i. the fees and expenses payable to the Selling Agent (as hereinafter defined) as contained in the Engagement Letter (not including indemnity obligations) are approved;
 - ii. the Selling Agent shall incur no liability or obligation as a result of its engagement or the carrying out of its mandate under the Engagement Letter, save and except for gross negligence or willful misconduct on its part; and
 - iii. paragraph 17 of the Receivership Order in this action shall be amended to the extent necessary to include the Selling Agent and the fees and expenses payable to the Selling Agent under the Engagement Letter to the amount secured by the Receiver's Charge.
 - d. Such further and other relief as counsel may advise and as this Honourable Court may permit.

Grounds for making this application:

2. On April 26, 2016, Ernst & Young Inc. was appointed as Receiver over the current and future assets, undertakings and properties of Mosaic pursuant to a Receivership Order granted by the Honourable Justice P.R. Jeffrey (the **Receivership Order**).
3. On May 13, 2016, the Receiver entered into an Engagement Letter (the **Engagement Letter**) with RBC Dominion Securities Inc., to act as the exclusive selling agent (the **Selling Agent**) in a proposed Sale and Investment Solicitation Process (the **SISP**).
4. It is a term of the Engagement Letter that the fees and expenses payable to the Selling Agent (not including indemnity obligations) are to be secured by the Receiver's Charge.
5. It is also a term of the Engagement Letter that the Selling Agent is to incur no liability or obligation as a result of its engagement or the carrying out of its mandate, save and except for gross negligence or willful misconduct on its part.

6. Certain terms of the Engagement Letter contain confidential and commercially sensitive information, which if made publicly available could be detrimental to the Selling Agent and could be used to the detriment of Mosaic and Mosaic's stakeholders.
7. The Receiver and the Selling Agent, in consultation with Mosaic's stakeholders, have developed the SISP to allow for the implementation of an open, fair, and efficient process to solicit the sale of certain of Mosaic's assets and to obtain the best offer in the circumstances.
8. The Receiver is of the view that the SISP is the most commercially reasonable manner in which to maximize the value to all of Mosaic's stakeholders.
9. The Receiver is of the view that it is in the best interests of Mosaic and its stakeholders that the Selling Agent assist in the marketing of Mosaic's assets.
10. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or Evidence to be relied on:

11. The Receivership Order;
12. The First Report of the Receiver;
13. The Confidential Supplemental Report of the Receiver;
14. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

15. Rules 6.3(1), 6.9(1), and 6.28 - 6.36 of the Alberta *Rules of Court*.
16. Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

17. The Alberta *Rules of Court*.
18. Such further and other Acts and regulations as counsel may advise and this Honourable may permit.

Any irregularity complained of or objection relied on:

19. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

20. Oral submissions by counsel at an Application in Justice Chambers as agreed and scheduled by counsel, before the Honourable Madam Justice K.M. Eidsvik at the Calgary Courts Centre, 601 – 5th Street S.W., at Calgary, Alberta, on Tuesday, June 21, 2016, at 11:00 a.m. or as soon thereafter as counsel may be heard.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part

in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is heard or considered.

Schedule "A"

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 **RESTRICTED COURT ACCESS ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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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

DATE ON WHICH ORDER WAS PRONOUNCED: **June 21, 2016**

NAME OF MASTER WHO MADE THIS ORDER: **Madam Justice K.M. Eidsvik**

LOCATION OF HEARING: **Calgary, Alberta**

UPON THE APPLICATION of Ernst & Young Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Mosaic Energy Inc. (**Mosaic**); **AND UPON** having read the Receivership Order granted by the Honourable Justice P.R. Jeffrey dated April 26, 2016, filed; **AND UPON** having read the First Report of the Receiver dated June 17, 2016, filed (the **First Report**); **AND UPON** having read the Confidential Supplemental Report to the First Report of the Receiver dated June 17, 2016 (the **Confidential Supplemental Report**); **AND UPON** hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Application filed on June 17, 2016 is hereby validated and deemed good and sufficient and this Application is properly returnable today.

2. The Confidential Supplemental Report to the First Report of the Receiver, dated June 17, 2016, shall be treated as confidential, sealed, and not form part of the public record, and shall be inserted in a sealed envelope which shall be clearly marked "SEALED PURSUANT TO COURT ORDER – NOT TO BE OPENED WITHOUT PRIOR AUTHORITY FROM THE HONOURABLE MADAM JUSTICE K.M. EIDSVIK OR ANY OTHER JUSTICE OF THE COURT OF QUEEN'S BENCH OF ALBERTA".
3. Every person on whom the Confidential Supplemental Report is served shall keep the information contained therein confidential and such information:
 - a. Shall be used only for the purposes of this proceeding and not for any business or other purpose whatsoever;
 - b. Shall not be given, shown, made available, or communicated in any way to anyone other than for the purpose of retaining and instructing counsel with respect to these proceedings only, who shall be bound by the terms of this Order; and
 - c. Shall not be copied or reproduced, except by counsel for the purpose of responding to Mosaic's application or preparing materials for use in these proceedings.
4. The Receiver is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.
5. Service of this Order by e-mail, facsimile, courier, regular mail or personal delivery shall constitute good and sufficient service of this Order.

J.C.Q.B.A.

Schedule "B"

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 **ORDER (Approval of SISP)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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Norton Rose Fulbright Canada LLP
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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

DATE ON WHICH ORDER WAS PRONOUNCED:

June 21, 2016

NAME OF MASTER WHO MADE THIS ORDER:

Madam Justice K.M. Eidsvik

LOCATION OF HEARING:

Calgary, Alberta

UPON THE APPLICATION of Ernst & Young Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Mosaic Energy Inc. (**Mosaic**); **AND UPON** having read the Receivership Order granted by the Honourable Justice P.R. Jeffrey dated April 26, 2016, filed; **AND UPON** having read the First Report of the Receiver dated June 17, 2016, filed (the **First Report**); **AND UPON** having read the Confidential Supplemental Report to the First Report of the Receiver dated June 17, 2016 (the **Confidential Supplemental Report**); **AND UPON** hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Application filed on June 17, 2016 is hereby validated and deemed good and sufficient and this Application is properly returnable today.

2. The Engagement Letter dated May 13, 2016, a redacted copy of which is attached as Appendix "A" to the First Report of the Receiver and an unredacted copy of which is attached as Appendix "A" to the Confidential Supplemental Report to the First Report of the Receiver (the **Engagement Letter**), is hereby approved and RBC Dominion Securities Inc. is authorized to act as the exclusive selling agent (the **Selling Agent**) and to market the properties of Mosaic on behalf of the Receiver in accordance with the terms of the Sales and Investment Solicitation Process (the **SISP**) which is attached as Appendix "B" to the First Report of the Receiver.
3. The fees and expenses payable to the Selling Agent under the Engagement Letter are hereby approved.
4. The Selling Agent shall incur no liability or obligation as a result of its engagement or the carrying out of its mandate under the Engagement Letter, save and except for gross negligence or willful misconduct on its part.
5. Paragraph 17 of the Receivership Order is hereby amended to the extent necessary to include the Selling Agent and the fees and expenses payable to the Selling Agent under the Engagement Letter to the amount secured by the Receiver's Charge.
6. The SISP is hereby approved and the Receiver and the Selling Agent are authorized and directed to implement the SISP and to perform all steps and actions required of it pursuant to the SISP.
7. Any creditor of Mosaic shall be entitled to make a Credit Bid under the SISP ("Credit Bid" being a bid on behalf of a creditor of Mosaic under which all or a portion of the consideration being offered under the bid includes the compromise of all or a portion of indebtedness owing from Mosaic to the creditor) and such Credit Bid shall be:
 - a. a Qualified Phase I Bid (as that term is defined in SISP) provided it complies with the requirements of the SISP, and
 - b. a Qualified Phase II Bid (as that term is defined in SISP) provided:
 - i. it is accompanied by a deposit in the form of a wire transfer (to a bank account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to ten percent (10%) of that total consideration set out in its Phase II Bid, less the value of the consideration allocated to the credit portion of the Credit Bid; and
 - ii. it complies with the other requirements
8. The Receiver is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.
9. Service of this Order by e-mail, facsimile, courier, regular mail or personal delivery shall constitute good and sufficient service of this Order.

J.C.Q.B.A.