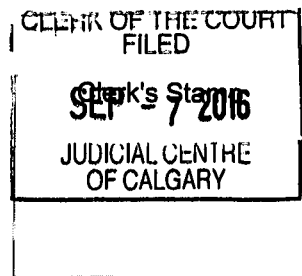


COURT FILE NUMBER 1601-05495
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT MOSAIC ENERGY LTD.



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 (Amendment of SISP
Approval Order)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Norton Rose Fulbright Canada LLP
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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: September 14, 2016
Time: 2:00 p.m.
Where: Calgary Courts Centre
Before Whom: The Honourable Madam Justice A.D. Macleod

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. An Order, substantially in the form attached hereto as **Schedule "A"**, amending the SISP Approval Order dated June 21, 2016, filed herein (the SISP Approval Order) by way of the creation and implementation of a new Phase Ib as described in, and upon the terms set out and described in the Receivers Second Report.
 - b. 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. By an Order dated June 21, 2016, (the SISP Approval Order) this Court authorized the retention of RBC Dominion Securities Inc. as exclusive selling agent (the Selling Agent) and approved a Sale and Investment Solicitation Process (the SISP)
4. The Receiver and the Selling Agent have been conducting a sales program in accordance with the SISP.
5. Because of the lack of clarity supplied by certain bidders as it related to Material Contract assumptions and the significant number of non-binding Letters of Intent received in response to the SISP, the Receiver and the Selling Agent have proposed an amendment to the SISP by introducing a new Phase Ib process as set out and described in the Receiver's Second Report.
6. The proposed amendment to the SISP is necessary to efficiently continue the SISP process, due diligence and finalization of bids.
7. The Receiver and the Selling Agent have developed the proposed amendment to the SISP to allow for the continuation 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. This includes but not limited to requesting bidders to fully disclose the terms of all proposed amendments to the Material Contracts that form the basis of the purchase price and the removal of the Deemed Phase II Clause from the SISP.
8. The Receiver is of the view that the SISP amendments represent the most commercially reasonable manner in which to maximize the value to all of Mosaic's stakeholders.
9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or Evidence to be relied on:

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

Applicable Rules:

13. Rules 6.3(1), 6.9(1), and 6.28 - 6.36 of the Alberta *Rules of Court*.

14. Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

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

Any irregularity complained of or objection relied on:

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

How the application is proposed to be heard or considered:

18. Oral submissions by counsel at an Application in Justice Chambers as agreed and scheduled by counsel, before the Honourable Justice A.D. Macleod at the Calgary Courts Centre, 601 – 5th Street S.W., at Calgary, Alberta.

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

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
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DOCUMENT **ORDER (Amendment of SISP Approval
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randalvandemosselaer@nortonrosefulbright.com

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

DATE ON WHICH ORDER WAS PRONOUNCED: September 14, 2016

NAME OF MASTER WHO MADE THIS ORDER: Mr. Justice A.D. Macleod

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** having read the Second Report of the Receiver dated September 6, 2016 (the **Second Report**) **AND UPON** having read the Approval of SISP Order of Justice Eidsvik dated June 21, 2016, filed herein (the **SISP Approval Order**) **AND UPON** hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. All capitalized terms not defined herein shall have the meaning defined in the SISP Approval Order, the First Report or the Second Report.
2. The SISP process set out in the SISP Approval Order is amended by way of an addition of a new Phase Ib procedure as set out herein.
3. The new Phase Ib shall have the following terms, conditions and deadlines:
 - a. there will be a new Phase Ib bid deadline of 12:00 p.m. MDT on September 15, 2016 (the Phase Ib Bid Deadline) for Qualified Bidders to submit non-binding letters of intent;
 - b. for a non-binding letter of intent to be considered a Qualified Phase Ib Bid, it must:
 - i. be received prior to the Phase Ib Bid Deadline;
 - ii. comply with the qualifications per para. 14 of the SISP to be a Qualified Phase I Bid; and
 - iii. fully disclose the terms of all proposed amendments to the Material Contracts that form the basis of the purchase price;
 - c. full copies of the Material Contracts will be uploaded to the electronic data room for consideration by Qualified Bidders in development of their Qualified Phase Ib Bids; and
 - d. the removal of the deemed Phase II Clause from the SISP.
4. The Receiver, in consultation with the Selling Agent and Lenders, shall refine the Qualified Bidders that proceed to Phase II of the SISP and provide Qualified Bidders with further information concerning the overall process.
5. The Receiver, in consultation with the Selling Agent and Lenders, will determine the revised Phase II Bid Deadline based upon the LOIs received in Phase Ib of the SISP and notify all Qualified Phase II Bidders of the same.
6. Unless amended herein, all terms of the SISP and the SISP Approval Order shall continue unaffected.
7. 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.