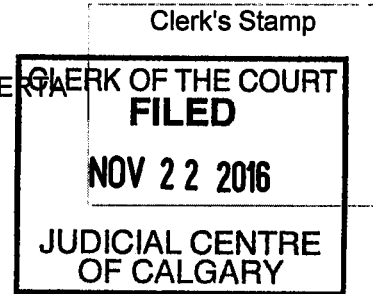


COURT FILE NUMBER 1601-05495
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT MOSAIC ENERGY LTD.



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**
(Sale Approval and Vesting Order 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

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

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: November 30, 2016
Time: 1:00 p.m.
Where: Calgary Courts Centre
Before Whom: The Honourable Mr. Justice K. D. Yamauchi

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 Fourth Report of the Receiver to be filed in support of this Application exhibiting certain agreements and documents between the Receiver and ARC Resources Ltd. (**ARC**) selling certain assets of Mosaic to ARC (**ARC Transaction**) pursuant to the terms of the Purchase and Sale Agreement between the Receiver and ARC (the **ARC PSA**);
 - c. An Order, substantially in the form attached hereto as **Schedule "B"**, approving the ARC Transaction.

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 (**Receivership Order**).
3. On May 13, 2016, the Receiver entered into an 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. Pursuant to an Order dated June 21, 2016, this Honourable Court approved the SISP and the retention of the Selling Agent to act as the selling agent under the SISP.
5. The SISP had a bid deadline of August 17, 2016 for non-binding letters of intent (**Phase I Bid Deadline**) and a bid deadline of September 7, 2016 for binding offers (**Phase II Bid Deadline**).
6. Due to the significant interest in the SISP and to allow a sufficient period of time for the completion of management presentations and due diligence, the deadlines in the SISP were amended as follows:
 - a. the Phase I Bid Deadline for non-binding letters of intent to was extended to August 24, 2016;
 - b. Phase Ib of the SISP was implemented with a deadline of September 15, 2016 for Qualified Bidders (as defined in the SISP) to submit non-binding letters of intent; and
 - c. the Phase II Bid Deadline for binding offers was extended to November 8, 2016.
7. Prior to the Phase II Bid Deadline, the Receiver and Selling Agent received 15 proposals from nine counterparties including four corporate / en bloc offers and 11 offers for individual packages, including the offer from ARC for the ARC Transaction;
8. There is urgency associated with the completion of the ARC Transaction;
9. Receiver's counsel is holding a deposit towards the purchase price under the ARC Transaction, and closing of the ARC Transaction is proposed to be one day following Court approval of the ARC Transaction;
10. It is the view of the Receiver that the details of the offers received and the purchase price set out in the ARC PSA is commercially sensitive information which could negatively impact the SISP if

made public, and should therefore remain confidential until closing of the ARC Transaction in order to preserve the integrity of the SISP in the event that the ARC Transaction does not close.

11. The Receiver believes that approval of the ARC PSA is in the best interest of all stakeholders for the following reasons:
 - a. it arose from the SISP which was implemented by the Selling Agent;
 - b. The Receiver believes that the Selling Agent acted in good faith and with due diligence in meeting the milestones of the SISP and soliciting bids including the bid resulting in the ARC PSA;
 - c. there was a broad marketing of the assets to a large number of prospective purchasers over a reasonable time frame;
 - d. the Receiver believes that the ARC PSA was negotiated between the parties at arm's length and in good faith and is commercially reasonable;
 - e. the ARC PSA is supported by Mosaic's senior secured lenders; and
 - f. the Receiver determined that the offer submitted by ARC was the highest and best offer for the Tower Property.
12. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or Evidence to be relied on:

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

Applicable Rules:

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

Applicable Acts and regulations:

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

Any irregularity complained of or objection relied on:

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

How the application is proposed to be heard or considered:

22. Oral submissions by counsel

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
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**
(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

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

DATE ON WHICH ORDER WAS PRONOUNCED: November 30, 2016

NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice K. D. Yamauchi

LOCATION OF HEARING: Calgary, Alberta

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. (**Mosaic**); **AND UPON** reading the Application and the Fourth Report of the Receiver filed November 9, 2016; **AND UPON** reading the Confidential Supplement to the Fourth 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; **AND UPON** it appearing that the relief requested is just, fair and appropriate in all the circumstances;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the application materials in support of the Application for the restricted court access order in this matter (this "**Order**") is hereby dispensed with, and specifically, the

service, notice and formal requirements of Part 6, Division 4 of the *Alberta Rules of Court*, Alta Reg 124/2010 shall not apply to this Order and are hereby dispensed with.

2. The Confidential Supplement to the Fourth Report of the Receiver 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 MR. JUSTICE K. D. YAMAUCHI OR ANY OTHER JUSTICE OF THE COURT OF QUEEN'S BENCH".
3. The Confidential Supplement to the Fourth Report of the Receiver shall be filed with the Court within 90 days following the closing of the pending sale to ARC Resources Ltd.
4. The Trustee is at liberty to reapply for further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.

Justice of the Court of Queen's Bench of Alberta

Schedule "B"

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 **ORDER**
(ARC 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

DATE ON WHICH ORDER WAS PRONOUNCED: November 30, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice K. D. Yamauchi

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 "**ARC Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and ARC Resources Ltd. (the "**Purchaser**") dated November •, 2016 and appended to the Confidential Supplement to the Fourth Report of the Receiver dated November •, 2016 (the "**Report**"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the assets 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 Fourth Report of the Receiver filed November 9, 2016 and the Confidential Supplement to the Fourth 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 ARC 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 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 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**"), 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, 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;
 - 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; 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 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 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. 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.

- 11. 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 Transaction.

MISCELLANEOUS MATTERS

- 12. 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.
- 13. 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.
- 14. 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
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	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 November 30, 2016 the Court approved the agreement of purchase and sale made as of • (the "**Sale Agreement**") between the Receiver and ARC Resources 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: