Form 27
[Rules 6.3 and 10.52(1)]

Clerk's stamp

CLERK OF THE COURT
FILED
APR 05 2017
JUDICIAL CENTRE
OF CALGARY

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.

DOCUMENT **APPLICATION (APPROVE FINAL DISTRIBUTIONS AND DISCHARGE RECEIVER)**

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. / Gunnar Benediktsson
File No.: 01128610-0068

NOTICE TO RESPONDENTS

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

You have the right to state your side of this matter before the master/judge.

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

Date:	**April 12, 2017**
Time:	**10:00 A.M.**
Where:	**Calgary, Alberta**
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. The Applicant, Ernst & Young Inc., in its capacity as Court-appointed receiver (**EY**, or the **Receiver**) of the current and future assets, undertakings and properties of Mosaic Energy Inc. (**Mosaic,** or the **Debtor**) seeks An Order, in substantially the form attached hereto as Schedule “A”,

(a) declaring service of the within application and supporting materials to be good and sufficient on all parties entitled to service hereof, and abridging the time for service to the time given in all cases;

(b) approving the Receiver’s accounts for fees and disbursements, as the same are set out in the Seventh Report of the Receiver dated April 5, 2017 (the **Seventh Report**), without the necessity of a formal passing of its accounts;

(c) approving the accounts of the Receiver’s legal counsel, Norton Rose Fulbright Canada LLP, for its fees and disbursements as set out in the Seventh Report, without the necessity of a formal assessment of its accounts;

(d) approving and ratifying the Receiver’s activities as set forth in the Seventh Report, and all of its other reports filed herein, and approving and ratifying the Receiver’s Statement of Receipts and Disbursements as attached to the Seventh Report;

(e) authorizing the Receiver’s acceptance of the Late Receivership Claims, and the Additional Late Claims, as these terms are defined in the Seventh Report;

(f) authorizing and directing the Receiver to establish the following holdback funds:

(i) The Propak Holdback, to be held in trust in the amount of $1,64,605.06, as defined and further described in the Seventh Report; and

(ii) The Pembina Holdback, to be held by the Receiver in the amount of $1.64 million, as defined and further described in the Seventh Report;

(g) authorizing and directing the receiver to make the Receivership Claims Distribution, as that term is defined in the Seventh Report;

(h) declaring that the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings, and that the Receiver shall not be liable for any act or omission on its part pertaining to the discharge of its duties in the within proceedings, save and except for liability arising out of fraud, gross negligence, or wilful misconduct on the part of the Receiver, or with leave of the Court;

(i) directing that no action or other proceeding may be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as the Court may direct; and

(j) directing that upon the Receiver filing with the Clerk of the Court a certificate endorsed by the Receiver confirming the resolution and conclusion of certain outstanding administrative and closing matters pertaining to the receivership of Mosaic, the Receiver shall be discharged as Receiver of Mosaic, provided that the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of Mosaic, and shall continue to have the benefit of the provisions of all Orders made in this proceeding.

Grounds for making this application:

2. EY was appointed Receiver of Mosaic pursuant to an order of this Honourable Court dated April 6, 2016 (the **Receivership Order**).

3. Capitalized terms not defined herein have the meaning given to such terms in the Receivership Order, or the Seventh Report.

4. Since the granting of the Receivership Order, the Receiver has carried on the administration of Mosaic in accordance with this Court's authorization, and has, among other things, entered into and carried out a sales and investment solicitation process (a **SISP**), and has administered a claims procedure in respect of pre-filing claims against Mosaic (the **Claims Procedure**) and a claims procedure in respect of claims against Mosaic that arose during the period of its receivership (the **Receivership Claims Procedure**). In addition, the receiver has administered a claims procedure in respect of claims by employees of Mosaic, all of whom were terminated no later than January 31, 2017 (the **Employee Claims Procedure**).

5. The SISP resulted in three transactions to sell all of Mosaic's oil and gas properties. Together, these transactions resulted in proceeds sufficient to fully repay all of the creditors of Mosaic, and provide substantial recovery to its shareholders.

6. Pursuant to the order of this Honourable Court granted on February 2, 2017, the Receiver has made pre-receivership distributions to the holders of Accepted Claims under the Claims Procedure (each, a **Pre-Receivership Distribution**).

7. The Pre-Receivership Distributions are substantially complete; a small number of Pre-Receivership Distributions remain outstanding, primarily consisting of approximately $1.91 million in

Claims Under Review, the Propak Claim, and Additional Late Claims, as defined and described in the Seventh Report. The Additional Late Claims are consistent with the books and records of Mosaic.

8. The Receiver has completed the Employee Claims Procedure, and has settled and resolved all disputes with respect to Employee Claims, either as part of the Pre-Receivership Distribution, or by settlement of the remaining disputed claims.

9. The Receivership Claims Procedure is also substantially complete. In accordance with the Receivership Claims Procedure, 90 Receivership Claims have been deemed accepted by the Receiver. In addition, 29 holders of Receivership Claims filed Proofs of Receivership Claim prior to the Receivership Claims Bar Date. Seven Proofs of Receivership Claim have been accepted by the Receiver, and the Receiver is reviewing the remaining 22 Proofs of Receivership Claim. In addition, the Receiver has received four Proofs of Receivership Claim after the Receivership Cliams Bar Date; the Receiver is reviewing these Late Receivership Claims, as the amounts claimed do not match the books and records of Mosaic.

10. The Receiver requests the authority to settle the Receivership Claims in accordance with the Receivership Claims Procedure, and to make distributions (each, a **Receivership Claim Distribution**).

11. After the closing of the sale of Mosaic's West Central Alberta assets to Predator, the receiver discovered that a natural gas liquids marketing and purchase contract (the **Mosaic/Keyera Contract**) between Mosaic and Keyera Partnership – NGL Marketing (**Keyera**) was inadvertently assigned to Predator.

12. The Receiver's intention was to disclaim the Mosaic/Keyera Contract and pay to Keyera its damages arising from the termination of same. The Receiver understands that Predator now wishes to terminate the Mosaic/Keyera Contract, and will look to the Receiver for payment of any termination damages it will owe to Keyera as a result.

13. The Receiver now wishes to settle any potential claim by Predator with respect to the Mosaic/Keyera Contract, by making a payment to Predator in the amount of the termination damages that would have been owing to Keyera had the Mosaic/Keyera Contract simply been disclaimed, in exchange for a full release and indemnity of the Receiver and Mosaic by Predator in respect of any claim by Keyera in respect thereof.

14. As is described in further detail in the Seventh Report, the Receiver expects that there will be a significant cash balance remaining after the remaining Pre-Receivership Distributions are made, and after payment of any Receivership Period Claims.

15. A proposed share repurchase and settlement agreement (the **Share Repurchase Agreement**) is currently being negotiated as between the Receiver, Mosaic's majority shareholders, (NGP IX Holdings I, S.A.R.L. and NGP Quatro S.A.R.L. Mosaic Co-Investors S.A.R.L. and Sabertooth Resources S.A.R.L.), and certain of Mosaic's minority shareholders. When the Share Repurchase Agreement is finalized, it will contemplate the distribution of the remaining proceeds of the Mosaic receivership to its shareholders. At that time, the Receiver expects to bring an application to this Court for approval of the Share Repurchase Agreement, and approval and authorization for final distributions to shareholders.

16. As is set out in detail in the Seventh Report, the administration of the receivership of Mosaic is substantially complete. Accordingly, the Receiver is of the view that it should be discharged from its mandate upon the filing of a Certificate attesting to the completion of all outstanding matters related to the Mosaic receivership.

Material or evidence to be relied on:

17. The Seventh Report.

18. The Pleadings, Orders, reports of the Receiver, and other materials filed in the within Action.

19. Such other materials and evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

20. *Rules* 6.3(1), 6.47(e) and (f), 6.9(1)(a), and 11.27, and such other *Rules* as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

21. The *Bankruptcy and Insolvency Act*, RSC 1985 c B-3, as amended, the *Judicature Act,* RSA 2000, c J-2, as amended, and such other Rules, Acts, and Regulations as counsel may advise and this Honourable Court may permit.

How the application is proposed to be heard or considered:

22. Oral submissions by counsel at an application in Justice Chambers at the Calgary Courts Centre in Calgary, Alberta, on the returnable date noted hereon, or so soon thereafter as counsel may be heard.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

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 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 to be 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.	
DOCUMENT	**ORDER FOR FINAL DISTRIBUTION, APPROVAL OF RECEIVER'S FEES AND DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES AND DISCHARGE OF RECEIVER**	
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 / gunnar.benediktsson@nortonrosefulbright.com Attention: Howard A. Gorman, Q.C. / Gunnar Benediktsson File No.: 01128610-0068	

DATE ON WHICH ORDER WAS PRONOUNCED:

NAME OF MASTER/JUDGE WHO MADE THIS ORDER:

LOCATION OF HEARING: , **Alberta**

UPON THE APPLICATION of Ernst & Young Inc. in its capacity as the Court-appointed receiver (the **Receiver**) of the current and future assets, undertakings and properties of Mosaic Energy Inc. (the **Debtor**) for an Order for the final distribution of proceeds, approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver **AND UPON** having read the Seventh Report of the Receiver dated April 5, 2017 (the **Seventh Report**); **AND UPON** hearing counsel for the Receiver, counsel for the Debtor and counsel for various creditors; **AND UPON** being satisfied that it is appropriate to do so, **IT IS ORDERED THAT**:

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;

2. Capitalized terms not defined herein have the meaning given to those terms in the Seventh Report.

3. The Receiver's accounts for fees and disbursements, as set out in the Seventh Report are hereby approved without the necessity of a formal passing of its accounts.

4. The accounts of the Receiver's legal counsel, Norton Rose Fulbright Canada LLP, for its fees and disbursements, as set out in the Seventh Report are hereby approved without the necessity of a formal assessment of its accounts.

5. The Receiver's activities as set out in the Seventh Report and in all of its other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Seventh Report, are hereby ratified and approved.

6. The Receiver is authorized to accept certain claims submitted after the Receivership Claims Bar Date established in the Receivership Claims Procedure Order of this Court dated February 1, 2017 (the **Late Receivership Claims**), and certain additional pre-receivership claims submitted after the Claims Bar Date established in the Claims Procedure Order of this Court dated September 14, 2016 (the **Additional Late Claims**), notwithstanding that the Late Receivership Claims and Additional Late Claims would otherwise be barred in accordance with the Receivership Claims Procedure Order, and the Claims Procedure Order, respectively.

7. The Receiver is authorized and directed to establish the following holdback funds:

   (a) The Propak Holdback, to be held in trust in the amount of $1,64,605.06, as defined as defined and further described in the Seventh Report; and

   (b) The Pembina Holdback, to be held by the Receiver in the amount of $1.64 million, as defined and further described in the Seventh Report.

8. The Receiver is authorized and directed to make the Receivership Claim Distribution, as defined and further described in the Seventh Report.

9. On the evidence before the Court, the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings up to and including the date hereof, and the Receiver shall not be liable for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except for any liability arising out of any fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court. Subject to the foregoing any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.

10. No action or other proceedings shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as this Court may direct.

11. Upon the Receiver filing with the Clerk of the Court a certificate endorsed by the Receiver confirming that:

   (a) all matters set out in paragraph 5 of this Order have been completed;

   (b) notices to collect outstanding joint venture and oil and gas receivables have been prepared and issued;

   (c) the review of Pre-Receivership Claims and Receivership Claims is complete, any required notices of revision have been issued by the Receiver, and any disputes with respect to the Claims Procedure or the Receivership Claims Procedure have been fully and finally resolved;

(d) final statements of adjustments in respect of the sales of certain assets of the Debtor to Strath Resources Ltd. (**Strath**) and Predator Oil Ltd. (**Predator**) have been completed, and provided to the purchasers;

(e) any claim of Predator arising from the unintentional assignment of a liquids marketing agreement to Predator by the Receiver has been fully and finally settled and resolved;

(f) the Receiver has prepared, completed, and filed all outstanding GST returns and the 2016 income tax return for the Debtor;

(g) a Share Repurchase and Settlement Agreement between the Receiver, NGP IX Holdings I, S.A.R.L. and NGP Quatro S.A.R.L., Mosaic Co-Investors S.A.R.L. and Sabertooth Resources S.A.R.L. and certain of Mosaic's minority shareholders the **Share Repurchase Agreement**) has been executed by the parties, and approved by this Court; and

(h) any final funds remaining after the distributions described and contemplated in the Seventh Report have been remitted to the shareholders of Mosaic in accordance with the Share Repurchase Agreement;

then the Receiver shall be discharged as Receiver of the Debtor, provided however, that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of the Receiver in its capacity as Receiver.

12. 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.

13. Service of this Order on any party not attending this application is hereby dispensed with.

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Justice of the Court of Queen's Bench of Alberta