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DOCUMENT	SEVENTH REPORT OF THE RECEIVER
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TABLE OF CONTENTS OF THE SEVENTH REPORT

INTRODUCTION

1. Ernst & Young Inc. was appointed Receiver (the "Receiver") of the property, assets and undertakings (the "Property") of Mosaic Energy Ltd. ("Mosaic" or the "Company") pursuant to an Order of this Honourable Court (the "Receivership Order") dated April 26, 2016 (the "Receivership Date").

2. The Receivership Order authorized the Receiver, among other things, to carry on the business of Mosaic, to sell, convey, transfer, lease, or assign the Property out of the normal course of business, subject to approval by this Honourable Court for any transactions exceeding $1.0 million, or the aggregate of multiple transactions exceeding $5.0 million, and to make such arrangements or agreements as deemed necessary by the Receiver.

3. The purpose of this Seventh Report (the "Seventh Report") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

    a) an update on the activities of the Receiver since the sixth report of the Receiver dated January 24, 2017 (the "Sixth Report") including a statement of receipts and disbursements for the period of April 26, 2016 to February 28, 2017 (the "Receivership Period");

    b) the distributions issued by the Receiver to fully repay claims outstanding at the Receivership Date and accepted in the claims procedure (the "Claims Procedure") and an overview of the unresolved claims;

    c) an update on the claims procedure (the "Receivership Claims Procedure") to identify claims associated with the Receiver's operation of Mosaic's oil and gas properties from the Appointment Date to February 1, 2017 and the Receiver's proposed distribution to fully settle the accepted Receivership Claims;

    d) a proposed share repurchase and settlement agreement (the "Share Repurchase Agreement") to be entered into between the Receiver, Mosaic's majority shareholders, NGP IX Holdings I, S.A.R.L. and NGP Quatro S.A.R.L. (collectively, "NGP"), Mosaic Co-Investors S.A.R.L. and Sabertooth Resources S.A.R.L., (jointly referred to as the "Majority Shareholders") and certain of Mosaic's minority shareholders (the "Minority Shareholders");

e) the request to establish holdbacks for a claim filed in the Claims Procedure by Propak Systems Ltd. (“Propak”) and a claim filed in the Receivership Claims Procedure by Pembina Gas Services LP (“Pembina”);

f) a settlement that the Receiver is currently negotiating with Predator Oil Ltd. (“Predator”) for a claim arising from a natural gas liquids marketing contract (the “Mosaic/Keyera Contract”) that was inadvertently assigned from Mosaic to Predator pursuant to the Predator Transaction (as defined below);

g) the request for approval of the professional fees and costs of the Receiver and its legal counsel;

h) the request for the discharge of the Receiver; and

i) the Receiver’s recommendations.

TERMS OF REFERENCE

4. Capitalized terms not defined in this Seventh Report are as defined in the Receivership Order, the SISP, the Order of this Honourable Court dated September 14, 2016 (the “Claims Procedure Order”) approving the Claims Procedure or the Order of this Honourable Court dated February 2, 2017 (the “Receivership Claims Procedure Order”) approving the Receivership Claims Procedure.

5. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

6. Mosaic is a privately owned company incorporated under the laws of the Province of Alberta and under the *Canada Business Corporations Act* on July 13, 2004. The Company is focused on the exploration for and the development, production, and acquisition of petroleum and natural gas reserves, and is primarily focused on multi zone horizons in the deep basin of the Western Canadian sedimentary basin.

7. Mosaic is the operator of its core properties which are described below:

a) Kakwa / Resthaven Property: includes liquids-rich Montney natural gas, Dunvegan light oil and the Wilrich natural gas plays. Mosaic’s reserve values as at December

31, 2015 of PDP NPV 10% - $90 million (9,200 Mboe) and 2P NPV 10% - $1.1 billion (143,000 Mboe);

b) West Central Property: predominantly represented by the liquids-rich Glauconite natural gas play in the Gilby area. Reserve values as at December 31, 2015 of PDP NPV 10% - $33.6 million (5,500 Mboe) and 2P NPV 10% - $78.6 million (14,800 Mboe); and

c) Tower Property: 7,200+ net / 9,700+ gross acres at Tower, British Columbia located in North East British Columbia.

8. Additional background on Mosaic is available on the Receiver's website, www.ey.com/ca/Mosaic.

ACTIVITIES OF THE RECEIVER

Completion of the SISP

9. As described in the Sixth Report of the Receiver, the Receiver and the Selling Agent have concluded the SISP. The SISP resulted in three separate transactions to sell all of Mosaic's oil and gas properties, as follows:

a) the sale of Mosaic's property in Tower, British Columbia to ARC Resources Ltd. was approved by this Honourable Court on November 30, 2016 and the sale closed December 1, 2016 (the "ARC Transaction");

b) the sale of Mosaic's property in Kakwa, Alberta to Strath Resources Ltd. was approved by this Honourable Court on December 14, 2016 and the sale closed January 16, 2017 (the "Strath Transaction"); and

c) the sale of Mosaic's properties in West Central Alberta to Predator Oil Ltd. (the "Predator Transaction") was approved by this Honourable Court on December 14, 2016 and the sale closed on January 31, 2017.

10. Proceeds received from the above transactions are sufficient to fully repay the creditors of Mosaic and provide a recovery to the shareholders of Mosaic.

Pre-Receivership Distribution and Claims Procedure

11. On February 2, 2017, this Honourable Court granted an Order authorizing the Receiver to settle (the "Pre-Receivership Distribution") in full all claims accepted by the Receiver in the Claims Procedure (the "Accepted Claims"), together with simple interest calculated in accordance with the *Judgment Interest Act (Alberta)*, from the Receivership Date to the date of the Pre-Receivership Distribution.

12. To date, the Receiver has issued Pre-Receivership Distributions of approximately $37.0 million to settle Accepted Claims. The Receiver is continuing to review ten pre-receivership Claims with an aggregate claim value of approximately $1.91 million (the "Claims Under Review"). The Claims Under Review relate to nine Claims of joint venture oil and gas partners and a claim from the landlord of Mosaic's head office in Calgary, Alberta; the Receiver anticipates resolving these Claims shortly.

Employee Claims Procedure

13. During September 2016, the Receiver provided the current employees of Mosaic with written notice that their employment with Mosaic would terminate no later than January 31, 2017 (the "Notice Period"). As a result of the Notice Period, all of Mosaic's remaining employees were terminated on January 31, 2017.

14. The Claims Procedure Order approved a claims procedure for employees and former employees of Mosaic (the "Employee Claims Procedure").

15. In accordance with the Employee Claims Procedure, the Receiver sent a claims package (an "Employee Claims Package") to each terminated employee and employee that had received notice of termination (the "Employees"). The Employee Claims Package included a notice to Employees indicating the value of the claim which the Receiver is prepared to allow as a claim to such creditors.

16. Prior to the Employee Claims Bar Date, the Receiver received 17 Employee Claims filed by Employees disputing the Receiver's assessment of his or her Employee Claim (the "Disputed Employee Claims").

17. Several of the Employees received employment with Strath and Predator and the Receiver was advised of the terms of employment these Employees. The Receiver issued notices to disallow

the claims of those Employees that had received employment with Strath or Predator on a same or similar basis as their employment with Mosaic disallowing their claims against Mosaic.

18. The Disputed Employee Claims were reduced from 17 to 10 claims as a result of Employees receiving employment with Strath or Predator. The Receiver, after consultation with NGP, subsequently settled the remaining Disputed Employee Claims.

19. On February 2, 2017, this Honourable Court granted an Order authorizing the Receiver to issue a distribution to settle the accepted Employee Claims. As part of the Pre-Receivership Distribution, the Receiver settled the Employee Claims accepted by the Receiver in the Employee Claims Procedure.

STATEMENT OF RECEIPTS & DISBURSEMENTS

20. The following is a statement of the Receiver’s receipts and disbursements during the Receivership Period:

Mosaic Energy Ltd.			Exhibit 1.0
Statement of receipts and disbursements			
CAD$, unaudited			
April 26, 2016 to February 28, 2017			
	Notes		
Opening cash balance	*a*	$	512,000
Receivers' certificates	*b*		
Borrowings			4,500,000
Repayment			(4,500,000)
Amount outstanding			0
Receipts			
Sale of assets	*c*		327,251,275
Oil and gas sales	*d*		44,298,151
Sale of surplus equipment			1,432,290
Cash balance before disbursements			373,493,716
Disbursements			
Payments to Syndicate	*e*		119,143,733
Settlement of Claims	*f*		30,527,624
Oil and gas operating costs	*g*		25,226,478
Selling Agent's fees	*h*		3,955,550
Salaries and benefits	*i*		7,380,161
Capital Expenditures			2,219,425
Property Taxes	*j*		1,748,523
General and administration disbursements			1,474,483
Professional fees	*k*		1,565,100
Office rent paid			854,722
Royalty payments			470,490
Interest and bank charges paid			227,242
Deposits			53,324
			194,846,855
Cash on hand			178,646,861

Notes:

a) Mosaic had an opening cash balance of $512,000 on the Appointment Date;

b) The Receiver borrowed $4.5 million (of the $10.0 million authorized in the Receivership Order) in Receivers' certificates from the Syndicate to fund the Receivership. The Receiver has fully repaid these borrowings under the Receiver's certificate in December 2016;

c) The Receiver has collected $327.3 million from the Strath, Predator and ARC Transactions;

d) The Receiver has collected approximately $44.3 million from continuing to operate Mosaic's business (including oil and gas sales, joint interest billings, rental income and royalty income);

e) The Receiver has fully repaid the Syndicate in the amount of $119.1 million pursuant to an Order of this Honourable Court dated December 14, 2016;

f) Pursuant to an Order of this Honourable Court dated February 2, 2017, approximately $30.5 million in distributions have been made up to February 28, 2017 relating to valid pre-receivership claims. The Receiver has issued an additional $6.5 million in Pre-Receivership Distributions subsequent to February 28, 2017 and, as a result, Pre-Receivership Distributions, to date, total $37.0 million;

g) The Receiver has disbursed approximately $25.2 million (made up of oil & gas operations, capital expenditures, general and administration, office rent and royalties) associated with the continued operation of Mosaic's oil and gas properties and capital expenditures associated with ongoing maintenance;

h) The Receiver disbursed approximately $4.0 million to the Selling Agent representing its fee earned on the ARC Transaction, Strath Transaction and Predator Transaction;

i) The Receiver has disbursed salaries and benefits of approximately $7.4 million (including Worker's Compensation Board disbursements);

j) The Receiver has disbursed approximately $1.7 million in relation to property taxes due in 2016; and

k) The Receiver has disbursed professional fees of approximately $1.57 million.

19. Total cash on hand held by the Receiver as at February 28, 2017 is approximately $178.6 million.

UPDATE ON RECEIVERSHIP CLAIMS PROCEDURE

20. This Honourable Court approved the Receivership Claims Procedure, the purpose of which was to identify all claims arising against the Receiver between the Appointment Date and February 1, 2017 (the "Receivership Claims"). This procedure would ensure that the Receiver settles all claims against Mosaic that arose during the period the Receiver was operating Mosaic's oil and gas properties.

21. In accordance with the Receivership Claims Procedure, the Receiver sent, before February 24, 2017, a package by mail to each Known Creditor (as defined in the Receivership Claims Procedure Order) of the Receiver (the "Receivership Claimant") indicating the amount of such creditor's Receivership Claim against the Receiver along with a Proof of Receivership Claim form (the "Receivership Claims Package").

22. Under the Receivership Claims Procedure, a Receivership Claimant that wished to dispute its Receivership Claim, or file a Receivership Claim, was required to complete and forward to the Receiver a Proof of Receivership Claim on or before March 27, 2017 (the "Receivership Claims Bar Date").

23. As identified in Exhibit 2.0 below:

a) 90 of the Receivership Claimants who were sent Receivership Claims Packages did not file proofs of claim prior to the Receivership Claims Bar Date and these Receivership Claims were deemed to be accepted in the amount per the Receivership Claims Package; and

b) Proofs of Receivership Claim were filed by 29 of the Receivership Claimants, prior to the Receivership Claims Bar Date; 7 of these claims have already been accepted by the Receiver and the remaining 22 are currently being reviewed (the

"Receivership Claims Under Review").

Mosaic Energy Ltd. Receivership Claims Summary unaudited			Exhibit 2.0
	Accepted	Under Review	Total
Total Amount of Claims (CAD$)	(2,647,315)	(2,695,047)	(5,342,362)
Number of Claims	97	22	119

24. The Receivership Claims Under Review primarily comprise a claim filed by Pembina for $1.64 million (the "Pembina 13th Month Adjustment Claim"). The Pembina 13th Month Adjustment Claim arises from Mosaic's operating and capital cost adjustment associated with gas processed at Pembina's Resthaven Plant during 2016. The remaining Receivership Claims Under Review relate to Claims of joint venture oil and gas partners; the Receiver anticipates resolving these Claims shortly.

25. In addition to the above Receivership Claims filed as at the Claims Bar Date (as defined in the Receivership Claims Procedure), four claims totalling $91,645 (the "Late Receivership Claims") were submitted following the Claims Bar Date, as follows:

Mosaic Energy Ltd. Receivership Claimants Summary CAD$, unaudited	Exhibit 3.0
Claimant	Claim
Firenze Energy Ltd.	75,609
Wells Fargo	14,356
Chinook Energy Inc.	1,680
Total	91,645

26. The Receiver is continuing to review the Late Receivership Claims as the amounts claimed do not match the books and records of Mosaic. In the event that the Receiver is able to resolve the unreconciled claim balances, the Receiver is requesting that this Honourable Court authorize the Receiver to accept the Late Receivership Claims in the Claims Procedure.

ADDITIONAL LATE CLAIMS

27. In addition to the Claims filed as at the Claims Bar Date (as defined in the Claims Procedure), two additional pre-receivership claims totalling $374,863 (the “Additional Late Claims”) were submitted after the Claims Bar Date, as follows:

Mosaic Energy Ltd. Exhibit 4.0
Additional Late Claims filed in the Claims Procedure
as at April 2, 2017
CAD$

Claimant	Claim
Silver-Tech Contracting Ltd.	224,595.66
Accede Energy Services Ltd.	146,927.55
Accede Fire & Safety Ltd.	3,340.26
Total	374,863.47

28. The Additional Late Claims agree to Mosaic’s books and records. The Receiver is requesting that this Honourable Court authorize the Receiver to accept the Additional Late Claims in the Claims Procedure.

SETTLEMENT OF RECEIVERSHIP CLAIMS

29. The Receiver is requesting approval and authorization from this Honourable Court to fully settle all Accepted Receivership Claims (the “Receivership Claim Distribution”).

30. Subsequent to the proposed Receivership Claim Distribution, Mosaic will continue to hold cash sufficient to settle the Late Claims, Receivership Claims Under Review, Revised Claims and Disputed Employee Claims (collectively, “Claims”) as filed. The below table sets out Mosaic’s cash on hand before and after the payment of all Claims.

Mosaic Energy Ltd.	Exhibit 5.0
Proposed Pre-Receivership Distribution	
$000,000's CAD, unaudited	
Opening cash balance (as at March 15, 2017)	**171,257**
Less:	
Accepted Receivership Claims	(2,647)
Claims Under Review - Pre-receivership	(1,910)
Propak Claim	(1,674)
Pembina 13th Month Adjustment	(1,640)
Claims Under Review- Receivership	(1,055)
Additional Late Claims	(375)
Late Receivership Claims	(92)
Total claims	(9,393)
Excess cash above claims	161,864

31. As identified above, after full settlement of the Claims, Mosaic would retain a cash balance of approximately $161.9 million.

32. This analysis assumes that Claims Under Review and Receivership Claims Under Review are not revised or disallowed in accordance with the Claims Procedure and Receivership Claims Procedure.

33. Furthermore, the above analysis does not include cash receipts and disbursements associated with concluding the Receivership, including collection of joint venture oil and gas receivables, the final statements of adjustments associated with oil and gas property dispositions, and continued operating expenses.

SHARE REPURCHASE AGREEMENT

34. The Receiver, the Majority Shareholders and the Minority Shareholders are negotiating a proposed Share Repurchase Agreement, subject to approval of this Honourable Court. Pursuant to the Share Repurchase Agreement, the Receiver is to issue payment (the "Shareholder Payment") to the shareholders of Mosaic in an aggregate amount representing the proceeds held by the Receiver after settling the Claims and Receivership Claims of Mosaic in full.

35. In exchange for the Receiver paying to the Minority Shareholders their pro rata portion of the Shareholder Payment, based upon their ownership of Mosaic's common shares as at the date of the Shareholder Payment, the Minority Shareholders will sell, assign and transfer their common shares to Mosaic.

36. The Majority Shareholders will receive a pro rata portion of the Shareholder Payment, based upon their ownership of Mosaic, and will continue as shareholders of Mosaic and intend to continue Mosaic's business, including but not limited to the pursuit of claims by Mosaic against Pembina Pipeline Corporation, Pembina Gas Services Limited Partnership, Pembina Infrastructure & Logistics LP and Pembina Midstream Limited Partnership.

37. The Receiver understands that the terms of the Share Repurchase Agreement have been substantially agreed upon between the Receiver, the Majority Shareholders and the Minority Shareholders. In the event that the Share Repurchase Agreement is finalized and fully executed prior to the upcoming Court application, the Receiver will submit supplementary materials seeking this Honourable Court's approval of the Share Repurchase Agreement and Shareholder Payment.

PROPOSED HOLDBACKS

38. The Receiver is requesting this Honourable Court's authorization to establish reserves to be held by the Receiver for the following two Claims that may not be settled or determined in the short-term:

a) Propak Holdback: a reserve to be held in trust in the amount of $1,674,605.06, representing Propak's unsecured claim (the "Propak Claim") filed against Mosaic in the Claims Procedure.

   Mosaic is asserting an off-setting counterclaim against the Propak Claim (the "Propak Counterclaim") and this Honourable Court has directed that the Propak Counterclaim be continued by the shareholders of Mosaic.

   The Propak Holdback would be in trust pending further Order of this Honourable Court regarding the Propak Claim and Propak Counterclaim.

b) Pembina Holdback: a reserve to be held by the Receiver in the amount of $1.64 million, representing the amount claimed by Pembina under the Pembina 13th

Month Adjustment Claim. The Pembina Holdback will be held pending Pembina's finalization of the 13th month adjustment for 2016 operating and capital costs at the Pembina Resthaven Plant expected to be completed in May 2017 and the Receiver's final review and acceptance of the Pembina 13th Month Adjustment Claim.

PREDATOR CLAIM – MOSAIC/KEYERA CONTRACT

39. After the closing of the Predator Transaction, 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.

40. The term of the Mosaic/Keyera Contract was to March 31, 2018 and the Receiver's intention was to disclaim the Mosaic/Keyera Contract and pay to Keyera its damages arising from the termination of same (the "Keyera Damage Claim"). 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.

41. The Receiver intends 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.

42. The Receiver, in consultation with Predator, is quantifying the estimated amount of the Keyera Damage Claim, had the Mosaic/Keyera Contract not been assigned to Predator and the Mosaic/Keyera Contract had simply been disclaimed by the Receiver pursuant to the Claims Procedure.

APPROVAL OF PROFESSIONAL FEES

43. The Receiver's total fees and expenses are $1,054,184.61 (plus applicable taxes). The Receiver has approximately $51,000.00 of unbilled time to date. The Receiver's legal counsel's fees total $495,133.32 (plus applicable taxes).

44. Copies of the Receiver's invoices and the Receiver's legal counsel's invoices are not attached but are available to this Honourable Court if requested.

45. The Receiver's and the Receiver's legal counsel estimate that the fees that will be incurred to complete the administration of the receivership will not exceed $175,000.

46. The Receiver respectfully requests that this Honourable Court approve the Receiver's and the Receiver's legal counsel's fees and disbursements along with the estimate of fees to complete the receivership administration.

COMPLETION OF RECEIVERSHIP

47. The Receiver has to complete the following tasks to complete the administration of the Receivership:

a) Preparing and issuing notices to collect outstanding joint venture oil and gas receivables;

b) Complete the review of the Pre-Receivership Claims and Receivership Claims and issue notices of revision, resolve disputes, if required;

c) Prepare and file outstanding GST returns;

d) Prepare and file Mosaic's 2016 income tax return;

e) Complete the final statements of adjustments for the sale of the Kakwa Property to Strath Resources Ltd. and West Central Property to Predator Oil Ltd.;

f) Enter into a settlement with Predator for Predator's claim arising from the inadvertent assignment of the Mosaic/Keyera Contract to Predator pursuant to the Predator Transaction;

g) Enter into the Share Repurchase Agreement, subject to approval of this Honourable Court; and

h) Remit any final funds to the shareholders of Mosaic

DISCHARGE OF THE RECEIVER

48. The Receiver has completed the majority of its administration of the receivership. Upon completing the tasks identified above, the Receiver is not aware of it being required for any further purpose herein and is therefore of the view that it should be discharged from its

mandate with the Receiver's discharge being effective upon the filing of the Certificate of Discharge contemplated in the Receiver's proposed form of Order concerning the discharge of the Receiver.

49. The Receiver respectfully requests that this Honourable Court approve an Order discharging the Receiver on the condition of the completion of the items described above from any and all obligations as Receiver of Mosaic.

RECEIVER'S RECOMMENDATIONS

50. The Receiver recommends that this Honourable Court approve:

a) the Receivership Claim Distribution;

b) the Late Receivership Claims;

c) the Additional Late Claims;

d) the Propak Holdback and Pembina Holdback;

e) the fees and disbursements of the Receiver and its counsel; and

f) the discharge of the Receiver.

All of which is respectfully submitted this 5th day of April, 2017.

ERNST & YOUNG INC.
in its capacity as Court Appointed
Receiver of Mosaic

Neil Narfason, CPA, CA, CIRP, CBV, LIT
Senior Vice-President

Peter Chisholm, CPA, CA, CIRP, LIT
Vice President