COURT FILE NUMBER	1601 05495
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	NATIONAL BANK OF CANADA
RESPONDENTS	MOSAIC ENERGY LTD.
DOCUMENT	**SUPPLEMENT TO THE SEVENTH REPORT OF THE RECEIVER**
	April 10, 2017
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER**

ERNST & YOUNG INC.
Calgary City Centre
2200 - 215 2nd Street SW
Calgary AB T2P 1M4
Neil Narfason / Peter Chisholm
Telephone: (403) 206-5067 / (403) 206-5061
Email: neil.narfason@ca.ey.com
peter.chisholm@ca.ey.com

COUNSEL

Norton Rose Fulbright Canada LLP
Howard Gorman, Q.C. / Gunnar Benediktsson
400 3rd Avenue SW, Suite 3700
Calgary AB T2P 4H2
Telephone: (403) 267-8144 / (403) 267-8256
E-mail: howard.gorman@nortonrosefulbright.com
gunnar.benediktsson@nortonrosefulbright.com

TABLE OF CONTENTS OF THE SUPPLEMENT TO THE SEVENTH REPORT

INTRODUCTION....1

TERMS OF REFERENCE....1

SHARE REPURCHASE AGREEMENT....2

ADDITIONAL LATE RECEIVERSHIP CLAIMS....4

RECEIVER'S RECOMMENDATIONS....4

APPENDICES

SHARE REPURCHASE AGREEMENT....A

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 supplement (the "**Supplemental Report**") to the Seventh Report (the "**Seventh Report**") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

   a) the form of the share repurchase and settlement agreement (the "**Share Repurchase Agreement**") agreed upon and 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**");

   b) additional late claims that the Receiver has received in the Receivership Claims Procedure (as defined in the Seventh Report) subsequent to the date of the Seventh Report; and

   c) the Receiver's recommendations.

TERMS OF REFERENCE

4. Capitalized terms not defined in this Supplemental Report are as defined in the Receivership Order, the SISP, the Seventh Report, 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.

SHARE REPURCHASE AGREEMENT

6. As at the date of the Seventh Report, the Receiver, the Majority Shareholders and the Minority Shareholders had substantially agreed upon the form of the Share Repurchase Agreement.

7. The form of the Share Purchase has now been agreed to by these parties, subject to execution and approval of this Honourable Court, and is attached hereto as Appendix "A". Certain of the Minority Shareholders reside overseas and the Receiver expects that the Share Repurchase Agreement will be fully executed prior to the Court application scheduled for April 12, 2017.

8. Pursuant to the Share Repurchase Agreement, the Receiver is to issue payment (the "**Shareholder Payment**") in the amount of $160.0 million to the shareholders of Mosaic. The Receiver is requesting further approval to issue additional payments (the "**Additional Shareholder Payments**") to the shareholders of Mosaic as excess cash not required to settle claims and fund the administrative costs of winding down the receivership.

9. The Share Repurchase Agreement contemplates that in exchange for the Receiver paying to certain of 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, those Minority Shareholders will sell, assign and transfer their common shares to Mosaic.

10. The Majority Shareholders will receive their 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.

11. Exhibit 1.0 is a forecast statement of receipts and disbursements for the receivership identifying that the Receiver has sufficient cash on hand to:

   a) issue an initial Shareholder Payment of $160.0 million;

   b) settle outstanding Claims and Receivership Claims, as filed; and

c) pay administrative costs to wind down the receivership of Mosaic.

Mosaic Energy Ltd. Proposed Shareholder Payment $000,000's CAD, unaudited	Exhibit 1.0
Opening cash balance (as at April 10, 2017)	170,885
Forecast receipts:	
Joint venture oil and gas receivables	303
Receivable - Pembina Pipeline Corporation	134
	437
Less Claims as filed:	
Accepted Receivership Claims	(2,994)
Claims Under Review - Pre-receivership	(1,910)
Propak Claim	(1,674)
Pembina 13th Month Adjustment Claim	(1,640)
Claims Under Review - Receivership	(933)
Additional Late Claims	(375)
Late Receivership Claims	(149)
Total claims	(9,675)
Estimated costs to complete receivership	(300)
Estimated final statement of adjustments	-
Estimated amount due to Predator Oil Ltd.	(508)
	(808)
Initial Shareholder Payment	(160,000)
Forecast funds held by Receiver (After Shareholder Payment)	839

12. Exhibit 1.0 assumes that the Receiver is required to settle the outstanding Claims and Receivership Claims, as filed in the Claims Procedure and that Claims are not reduced in accordance with the Claims Procedure. Furthermore, the analysis includes forecast receipts and disbursements associated with:

a) the collection of outstanding joint venture receivables;

b) the collection of a receivable owing from Pembina Pipeline Corporation; and

c) administrative costs associated with winding down the receivership.

13. The Receiver forecasts a cushion of approximately $897,000 to be held by the Receiver subsequent to issuing the Shareholder Payment.

14. The Receiver is further requesting the authority from this Honourable Court to make Additional Shareholder Payments, subsequent to the Shareholder Payment, in the event that the Receiver is holding excess cash not required to settle Claims or wind-down the receivership.

ADDITIONAL LATE RECEIVERSHIP CLAIMS

15. In addition to the Receivership Claims (as defined in the Receivership Claims Procedure) and the Late Receivership Claims (as defined in the Seventh Report), an additional six late claims totalling $52,786 were received subsequent to the date of the Seventh Report (the "**Additional Late Receivership Claims**"), as follows:

Mosaic Energy Ltd. — **Exhibit 2.0**
Additional Late Claims filed in the Receivership Claims Procedure
as at April 10, 2017
CAD$

Claimant	Claim
PrairieSky Royalty Ltd.	33,019
BP Canada Energy Group ULC	10,240
Gibson Energy Partnership	8,929
Purolator Courier Ltd.	378
Nexsource Power Drayton Valley	152
Kanata Energy Group	67
Total	52,786

16. The Receiver is continuing to review the Additional 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 Additional Late Receivership Claims in the Claims Procedure.

RECEIVER'S RECOMMENDATIONS

17. The Receiver recommends that this Honourable Court approve:

    a) the Share Repurchase Agreement;

b) the Shareholder Payment and the Additional Shareholder Payments; and

c) the Additional Late Receivership Claims.

All of which is respectfully submitted this 10th 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

EXHIBIT A

SHARE REPURCHASE AGREEMENT

SHARE REPURCHASE AND SETTLEMENT AGREEMENT

THIS AGREEMENT is made effective the ____ day of April, 2017.

BETWEEN:

ERNST & YOUNG INC., (the "**Receiver**") in its capacity as the Receiver and Manager of Mosaic Energy Ltd. ("**Mosaic**"), and not in its personal capacity

AND:

31713 INVESTMENT HOLDINGS LLC, NGP IX HOLDINGS I, S.Á.R.L., NGP QUATRO S.Á.R.L., MOSAIC CO-INVESTORS S.Á.R.L. and SABERTOOTH RESOURCES S.Á.R.L. (collectively, the "**Majority Shareholders**")

AND:

THE SHAREHOLDERS LISTED IN SCHEDULE "B" HERETO (collectively the "**Minority Shareholders**" and, collectively with the Receiver and the Majority Shareholders, the "**Parties**" and each, a "**Party**")

WHEREAS:

A. the Majority Shareholders collectively own 92.09% of the issued and outstanding common shares in the capital of Mosaic, as set out in Schedule "A" hereto (the "**Majority Shares**");

B. the Minority Shareholders own the issued and outstanding common shares in the capital of Mosaic set out opposite their names in Schedule "B" hereto (the "**Minority Shares**");

C. certain other shareholders of Mosaic own the issued and outstanding common shares in the capital of Mosaic set out opposite their names in Schedule "C" hereto (the "**Remaining Minority Shareholders**");

D. the Minority Shareholders and the Remaining Minority Shareholders collectively own 7.91% of the issued and outstanding common shares in the capital of Mosaic;

E. on April 26, 2016, the Court of Queen's Bench of Alberta (the "**Court**") granted an Order appointing the Receiver as Receiver and Manager of Mosaic (the "**Receivership Order**");

F. the Receiver has sold all or substantially all of Mosaic's assets. The proceeds of those asset sales are expected to be sufficient to repay all of Mosaic's creditors in full and then to make a payment to the shareholders of Mosaic in an aggregate amount of approximately $160,000,000 (the "**Shareholder Payment**"), which represents the amount available for payment to Mosaic's shareholders, less the amount (the "**Holdback**") that the Receiver determines, in its discretion and subject to any order of the Court, cannot be distributed on account of any disputed and unresolved creditor claim against Mosaic.

G. the Majority Shareholders and the Remaining Minority Shareholders intend to remain as shareholders of Mosaic and to have Mosaic continue in business, including but not limited to having Mosaic pursue claims against Pembina Pipeline Corporation, Pembina Gas Services Limited Partnership, Pembina Infrastructure & Logistics LP and Pembina Midstream Limited Partnership (the "**Claim**"); and

H. the Minority Shareholders do not intend to remain as shareholders of Mosaic nor to be involved in the ongoing business of Mosaic, including the Claim, but wish to receive their proportionate shares of the Shareholder Payment and the Holdback from the Receiver.

NOW THEREFORE the parties hereto covenant and agree as follows:

ARTICLE I
INTERPRETATION

1.1 Headings

In this Agreement, the headings are for convenience of reference only, do not form a part of this Agreement and are not to be considered in the interpretation of this Agreement.

1.2 Interpretation

In this Agreement:

(a) the terms "**this Agreement**", "**hereof**", "**herein**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article, Section, paragraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;

(b) all references to designated Articles, Sections and other subdivisions are to designated Articles, Sections and other subdivisions of this Agreement;

(c) words importing the masculine gender include the feminine and neuter genders, corporations, partnerships and other persons, and words in the singular number include the plural and vice versa, wherever the context requires;

(d) any reference to a person will include and will be deemed to be a reference to any person that is a successor to that person (but only to the extent such person is permitted to be a successor to such person pursuant to the provisions of this Agreement);

(e) "**including**" means including without limitation, and "**includes**" means includes without limitation;

(f) any reference to this Agreement means this Agreement as amended, modified, replaced or supplemented from time to time; and

(g) all references to currency are references to lawful money of Canada.

ARTICLE II
SHARE REPURCHASE

2.1 Repurchase of the Minority Shareholders' Shares

In consideration for the payment from the Receiver described in Section 3.1 hereof and the other covenants and agreements herein contained, the Minority Shareholders hereby sell, assign and transfer to Mosaic, and Mosaic hereby purchases and accepts from the Minority Shareholders, the Minority Shares, effective as at the date hereof.

2.2 Deliveries by Minority Shareholders

Each of the Minority Shareholders has, concurrent with the execution hereof, delivered a stock transfer power of attorney duly executed in respect of such Minority Shareholder's Minority Shares.

2.3 Cancellation of Minority Shareholders' Rights, Options and Warrants

All rights, options, warrants and any other present or future rights or entitlements regarding shares or securities of Mosaic, to which the Minority Shareholders are or may become entitled, if any, are hereby cancelled for no consideration, effective as at the date hereof.

ARTICLE III
SHAREHOLDER PAYMENT TO THE MINORITY SHAREHOLDERS

3.1 The Receiver shall pay to the Minority Shareholders or their nominee or nominees their *pro rata* share or shares of the Shareholder Payment, based upon their ownership of the Minority Shares as at the date hereof, as set out in Schedule "B" hereto.

ARTICLE IV
DISTRIBUTION OF THE BALANCE OF THE SHAREHOLDER PAYMENT AND THE POST-HOLDBACK PAYMENT

4.1 Concurrently with the payment to the Minority Shareholders or their nominee or nominees of their *pro rata* share or shares of the Shareholder Payment pursuant to Section 3.1 hereof, the Receiver shall transfer to Bennett Jones LLP in trust, the balance of the Shareholder Payment that corresponds to the Majority Shareholder's and the Remaining Minority Shareholder's *pro rata* share or shares of the Shareholder Payment, to be held in trust for Mosaic pending reconstitution of the board of directors and management of Mosaic.

4.2 The Receiver shall pay (i) to the Minority Shareholders or their nominee or nominees the amount or amounts representing the Minority Shareholders' respective *pro rata* share of any portion of the Holdback, and (ii) to Mosaic the amount or amounts representing the Majority Shareholders' and the Remaining Minority Shareholders' respective *pro rata* shares of any portion of the Holdback, that is available to be paid, after resolution of one or more disputed claims against Mosaic (the "**Post-Holdback Payment**"). The Receiver may pay the Post-Holdback Payment in one or more tranches, in its discretion. For clarity, the Minority Shareholders' respective *pro rata* share for purposes of receiving a Post-Holdback Payment shall be the same *pro rata* share the Minority Shareholders held as of the date of this Agreement based on the shares held by such Minority Shareholders as set forth in Schedule "B" hereto prior to the sale of the Minority Shares to Mosaic.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE MINORITY SHAREHOLDERS

5.1 Each Minority Shareholder, as to itself only, represents and warrants to the Receiver and to the Majority Shareholders (and each Minority Shareholder acknowledges that the Receiver and the Majority Shareholders are relying upon such representations and warranties in connection herewith) that:

(a) such Minority Shareholder holds legal and beneficial title to the Minority Shares set out opposite such Minority Shareholder's name in Schedule "B" hereto, and has not mortgaged or otherwise encumbered its interest in such Minority Shares, nor sold any interest or rights in such Minority Shares;

(b) this Agreement has been duly executed and delivered by such Minority Shareholder or their authorized representative or representatives, and the documents and instruments required hereunder to be executed and delivered by such Minority Shareholder shall have been duly executed and delivered;

(c) other than the Amended and Restated Voting and Shareholder Agreement dated November 2, 2012, such Minority Shareholder is not a party to any unanimous shareholder agreement, pooling agreement, voting trust or other similar type of arrangement in respect of outstanding securities of Mosaic;

(d) (i) each Minority Shareholder has had adequate opportunity to consult with and has consulted with such Party's own legal counsel with respect to the subject matter of this Agreement, including without limitation with respect to the Shareholder Payment; (ii) notwithstanding any information provided or representations made by the Receiver or the Majority Shareholders, other than the representation made by the Majority Shareholders in Section 6.2(a) hereof, each Minority Shareholder has relied solely on its own investigations when making the decision to enter into this Agreement and consummate the transactions contemplated hereby, (iii) each Minority Shareholder acknowledges that the future value of an interest in Mosaic is unknown and no matter the degree of any increase, each Minority Shareholder is hereby expressly releasing any claim for any future increase in the value thereof, and (iv) such Minority Shareholder is voluntarily entering into this Agreement, on its own accord, and there are no restrictions on the sale of its Minority Shares to Mosaic;

(e) this Agreement does, and such documents and instruments will, constitute legal, valid and binding obligations of such Minority Shareholder in accordance with their respective terms; and

(f) such Minority Shareholder is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE MAJORITY SHAREHOLDERS

6.1 Each of the Majority Shareholders represents and warrants severally, and not jointly, to the Receiver (and the Majority Shareholders acknowledge that the Receiver is relying upon such representations and warranties in connection herewith) that:

(a) each Majority Shareholder holds legal and beneficial title to the Majority Shareholders' Shares set out opposite such shareholder's name in Schedule "A" hereto, and has not mortgaged or otherwise encumbered its interest in such Majority Shares, nor sold any interest or rights in such Majority Shares;

(b) this Agreement has been duly executed and delivered by the Majority Shareholders or their authorized representative or representatives, and the documents and instruments required hereunder to be executed and delivered by the Majority Shareholders shall have been duly executed and delivered; and

(c) this Agreement does, and such documents and instruments will, constitute legal, valid and binding obligations of the Majority Shareholders in accordance with their respective terms.

6.2 Each of the Majority Shareholders represents and warrants severally, and not jointly, to the Minority Shareholders (and the Majority Shareholders acknowledge that the Minority Shareholders are relying upon such representations and warranties in connection herewith) that:

(a) since the filing of the Statement of Claim respecting the Claim, no Majority Shareholder has commenced, engaged in or otherwise had discussions with any of Pembina Pipeline Corporation, Pembina Gas Services Limited Partnership, Pembina Infrastructure & Logistics LP or Pembina Midstream Limited Partnership regarding any proposed settlement of the Claim and to such Majority Shareholder's knowledge, no Statement of Defence has been filed in respect of the Claim;

(b) this Agreement has been duly executed and delivered by the Majority Shareholders or their authorized representative or representatives, and the documents and instruments required hereunder to be executed and delivered by the Majority Shareholders shall have been duly executed and delivered; and

(c) this Agreement does, and such documents and instruments will, constitute legal, valid and binding obligations of the Majority Shareholders in accordance with their respective terms.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES OF THE RECEIVER

7.1 The Receiver represents and warrants to the Majority Shareholders and the Minority Shareholders (and the Receiver acknowledges that the Majority Shareholders and the Minority Shareholders are relying upon such representations and warranties in connection herewith) that subject to the Receivership Order and the granting of an Order by the Court approving this Agreement:

(a) this Agreement has been duly executed and delivered by the Receiver; and

(b) subject to the Receivership Order, this Agreement constitutes legal, valid and binding obligations of the Receiver in accordance with its terms.

ARTICLE VIII
RELEASES

8.1 Effective as of the date hereof, the Minority Shareholders do hereby release Mosaic, the Majority Shareholders and the Receiver, and all their respective officers, directors, agents, employees, successors and assigns, of and from any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, claims, accounts, covenants, costs, damages and demands of every nature and kind whatsoever, whether arising at common law, in equity, by contract, by statute or otherwise that arise from or are related to the past, present or future business of Mosaic and their past, present or future investments and interests in Mosaic (including but not limited to the Minority Shares and all rights, options, warrants and any other rights or entitlements regarding shares or securities of Mosaic, to which the Minority Shareholders are or may become entitled).

8.2 Effective as of the date hereof, the Majority Shareholders do hereby release the Receiver, and all its officers, directors, agents, employees, successors and assigns, of and from any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, claims, accounts, covenants, costs, damages and demands of every nature and kind whatsoever, whether arising at common law, in equity, by contract, by statute or otherwise that arise from or are related to the Shareholder Payment to the Minority Shareholders.

ARTICLE IX
MISCELLANEOUS

9.1 Each Majority Shareholder and each Minority Shareholder that is a party to the Amended and Restated Voting and Shareholders Agreement of Mosaic dated effective as of November 2, 2012 hereby waives all of its rights under Section 5.1(e) and 8.2 thereof resulting from the completion of the transactions contemplated herein.

9.2 Each Party shall promptly do, execute and deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Parties may reasonably require for the purpose of giving effect to this Agreement.

9.3 This Agreement shall not be assigned by any Party without the prior written consent of the other Parties.

9.4 This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns. Nothing herein, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.5 This Agreement constitutes the only agreement between the Parties with respect to the subject matter hereof, and shall supersede any and all prior negotiations and understandings with respect to the subject matter hereof.

9.6 No modification or amendment to this Agreement may be made unless agreed to by the Parties in writing.

9.7 This Agreement is governed by and shall in all respects be construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Each Party irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Alberta.

9.8 Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.9 Time shall be of the essence in this Agreement.

9.10 This Agreement may be executed and delivered by the Parties in separate counterparts and by facsimile, PDF or other electronic means, each of which when so executed and delivered shall be deemed an original, and all of which, when taken together, shall constitute one and the same agreement.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first written above.

ERNST & YOUNG INC., in its capacity as Receiver and Manager of Mosaic Energy Ltd., and not in its personal capacity

By: ________________________
Name:
Title:

31713 INVESTMENT HOLDINGS LLC

By: ________________________
Name:
Title:

NGP IX HOLDINGS I, S.Á.R.L.

By: ________________________
Name:
Title:

NGP QUATRO S.Á.R.L.

By: ________________________
Name:
Title:

MOSAIC CO-INVESTORS S.Á.R.L.

By: ________________________
Name:
Title:

SABERTOOTH RESOURCES S.Á.R.L.

By: ________________________
Name:
Title:

[MINORITY SHAREHOLDER NAME IF CORPORATION]

By: ______________________________

Authorized Signing Officer
Name:
Title:

____
Witness to Minority Shareholder Signature

Name:______________________
(please print)

____
Signature of Individual Minority Shareholder

Name:______________________
(please print)

Signature Page to the Share Repurchase and Settlement Agreement