

Clerk's stamp:

COURT FILE NO. 1601-06131

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT

**IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
CONNACHER OIL AND GAS LIMITED**

DOCUMENT

**ORDER
(APPROVAL OF ATB CREDIT FACILITIES)**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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DATE ON WHICH ORDER WAS PRONOUNCED:

November 10, 2017

NAME OF JUDGE WHO MADE THIS ORDER:

The Honourable Justice Jones

LOCATION OF HEARING:

Calgary, Alberta



I hereby certify this to be a true copy of
the original
Dated this 14 day of November 2017
[Signature]
Clerk of the Court

UPON the application of Connacher Oil and Gas Limited ("**Connacher**"); **AND UPON** having read the Application, the Affidavit of Jeff Beeston sworn on November 3, 2017 (the "**Beeston Affidavit**"), the Twelfth Report of Ernst & Young Inc., the Court-appointed monitor of Connacher (the "**Monitor**"), and the pleadings and proceedings herein, including the Initial Order granted on May 17, 2016 (the "**Initial Order**"); **AND UPON** hearing counsel for Connacher, the Monitor and the Lender (as defined below);

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient, no other person is required to have been served with notice of this application and this application is properly returnable today.
2. The Commitment Letter dated November 3, 2017 (the "**Agreement**") as between Connacher and Alberta Treasury Branches, operating as ATB Financial (the "**Lender**") as attached as Confidential Exhibit "1" to the Beeston Affidavit is hereby approved and Connacher is authorized and empowered without further order of this Court to enter into and gain access to credit facilities from the Lender pursuant to the Agreement on terms consist with the Agreement in all respects.
3. Connacher is hereby authorized and empowered to execute and deliver such security documents (the "**Security Documents**") and other loan documents (the "**Loan Documents**") as are contemplated by the Agreement or as may be reasonably required by the Lender pursuant to the terms thereof, and Connacher is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities, and obligations under and pursuant to the Agreement, the Security Documents and the other Loan Documents as and when the same become due and are to be performed.
4. The Lender shall be entitled to the benefits of and is hereby granted a charge (the "**ATB Charge**") on the Cash Deposits (as defined in the Agreement) in an amount not to exceed \$8,555,000 to secure all obligations under the Agreement, the Security Documents and the other Loan Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount becoming owing on or after the date of this Order.

5. The filing, registration or perfection of the ATB Charge shall not be required, and the ATB charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the ATB Charge coming into existence, notwithstanding any such failure to file, register, record, or perfect.
6. Notwithstanding any other provision of this Order or the Initial Order:
 - (a) the Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the ATB Charge or any of the Agreement, the Security Documents or the other Loan Documents;
 - (b) upon demand being made by the Lender pursuant to the Agreement and upon three (3) days' notice to Connacher and the Monitor, the Lender may exercise any and all of its rights and remedies against Connacher or the Cash Deposits under or pursuant to the Agreement, the Security Documents, the other Loan Documents and the ATB Charge; and
 - (c) the foregoing rights and remedies of the Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of Connacher.
7. The Lender shall be treated as unaffected in any plan of arrangement or compromise filed by Connacher under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**"), or any proposal filed by Connacher under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**"), with respect to any borrowings by Connacher under the Agreement.
8. The ATB Charge shall constitute a charge on the Cash Deposits and, subject always to section 34(11) of the CCAA the ATB Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person, including without limitation the Charges (as defined in the Initial Order). For greater certainty, the ATB Charge shall only apply to the Cash Deposits and shall only rank in priority over the Charges in respect of the Cash Deposits, and the priority of each of the Charges as

against the other Property (as defined in the Initial Order) shall be unaffected by this Order.

9. Except as otherwise expressly provided for herein, or as may be approved by this Court, Connacher shall not grant any Encumbrances over the Cash Deposits that rank in priority to, or *pari passu* with, the ATB Charge, unless Connacher also obtains the prior written consent of the Lender or further order of this Court.
10. The ATB Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Lender thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, a "**Contract**") which binds Connacher, and notwithstanding any provision to the contrary in any Contract:
 - (i) neither the creation of the ATB Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Security Documents, shall create or be deemed to constitute a new breach by Connacher of any Contract to which it is a party;
 - (ii) the Lender shall not have any liability to any person whatsoever as a result of any breach of any Contract caused by or resulting from the

creation of the ATB Charge, or Connacher entering into the Agreement or the Security Documents or the performance thereof; and

- (iii) the payments made by Connacher pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

SEALING

- 11. Confidential Exhibit "1" to the Beeston Affidavit (the "**Confidential Materials**") shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Confidential Materials shall be kept confidential and shall not form part of the public record, but rather shall be placed, separate and apart from all contents in the Court file to be shown only to a Justice of this Court, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

GENERAL

- 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 Connacher 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 Connacher, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist Connacher and its agents in carrying out the terms of this Order.



Justice of the Court of Queen's Bench of Alberta