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 (ENGAGEMENT OF FINANCIAL ADVISOR)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Cassels Brock & Blackwell LLP** Suite 1250, Millennium Tower 440 – 2nd Avenue SW Calgary, Alberta T2P 5E9 Attn: R. Shayne Kukulowicz/Ryan Jacobs/Jeffrey Oliver Tel: 403-351-2920 Fax: 403-648-1151 skukulowicz@casselsbrock.com rjacobs@casselsbrock.com joliver@casselsbrock.com

Clerk's Stamp

JUDICIAL CENTRE OF CALGARY
FILED
FEB 28 2018
CLERK OF THE COURT

I hereby certify this to be a true copy of the original Order
Dated this 28 day of Feb

DATE ON WHICH ORDER WAS PRONOUNCED: February 28, 2018

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice Jeffrey

UPON THE APPLICATION by Connacher Oil and Gas Limited (the "**Applicant**"); **AND UPON HAVING READ** the Affidavit of Jeff Beeston sworn February 20, 2018 (the "**Beeston Affidavit**"), the Fourteenth Report (the "**Fourteenth Report**") of Ernst & Young Inc. in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the confidential supplement to the Fourteenth Report dated February 22, 2018 (the "**Confidential Supplement**"), and the pleadings and proceedings herein, including the Initial Order granted on May 17, 2016 (the "**Initial Order**"); **AND UPON** hearing counsel for the Applicant, the Monitor, and the First Lien Agent (each as defined in the Initial Order), with no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Natalie E. Levine sworn on February 20, 2018 and the Affidavit of Service of Natalie E. Levine sworn on February 21, 2018, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE & DEFINITIONS

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 used in this Order and not otherwise defined shall have the meaning ascribed to them under the Engagement Letter dated February 6, 2018 attached as Confidential Exhibit "1" to the Beeston Affidavit (the "**Houlihan Engagement Letter**") as between the Applicant and Houlihan Lokey Capital, Inc. ("**Houlihan**").

FINANCIAL ADVISOR ENGAGEMENT

3. The engagement of Houlihan as financial advisor to the Applicant pursuant to the Houlihan Engagement Letter is hereby approved. The Applicant is authorized, *nunc pro tunc*, to enter into the Houlihan Engagement Letter and to carry out and perform its obligations thereunder, including payment of amounts due to be paid to Houlihan pursuant to the terms of the Houlihan Engagement Letter.

4. All claims of Houlihan to the Sale Transaction Fee(s) (as defined in the Houlihan Engagement Letter) are claims that may not be compromised pursuant to any plan of arrangement or compromise filed by the Applicant under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* (the "**BIA**"), or any other restructuring and no such plan, proposal or restructuring shall be approved that does not provide for the payment of any Sale Transaction Fee(s) due to Houlihan pursuant to the terms of the Houlihan Engagement Letter.

5. Any claims of the Applicant against Houlihan or the Indemnified Parties (as defined in the Houlihan Engagement Letter) arising out of or related to the Houlihan Engagement Letter or Houlihan's engagement as financial advisor to the Applicant shall be limited in quantum to the amount of fees paid to Houlihan pursuant to the Houlihan Engagement Letter.

FINANCIAL ADVISOR CHARGE

6. Houlihan is hereby granted a charge (the "**FA Charge**") over the Property (as defined in the Initial Order), which charge shall be security for all fees and costs payable to Houlihan pursuant to the terms of the Houlihan Engagement Letter.

7. Subject to section 34(11) of the CCAA and paragraph 8 of this Order, the FA 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. The Applicant shall not grant any charges in the CCAA proceeding that rank *pari passu* with, or senior to, the FA Charge, without the consent of Houlihan.

8. The FA Charge shall rank subordinate in priority to each of the Administration Charge, the Directors' Charge, and the KERP/LTIP Charge (each as defined in the Initial Order, as amended from time to time) and subordinate to the ATB Charge (as defined in the Order (Approval of ATB Credit Facilities) of this Court dated November 10, 2017).

9. The filing, registration or perfection of the FA Charge shall not be required, and the FA 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 FA Charge coming into existence, notwithstanding any such failure to file, register, record, or perfect.

10. The FA Charge shall not be rendered invalid or unenforceable and the rights and remedies of Houlihan 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 the Applicant, and notwithstanding any provision to the contrary in any Contract:

   i. neither the creation of the FA Charge nor the execution, delivery, perfection, registration or performance of the Houlihan Engagement Letter shall create or be deemed to constitute a new breach by the Applicant of any Contract to which it is a party;

   ii. Houlihan 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 FA Charge, or the Applicant entering into the Houlihan Engagement Letter or the performance thereof; and

   iii. the payments made by the Applicant pursuant to the Houlihan Engagement Letter 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 ORDER

11. Confidential Exhibit "1" to the Beeston Affidavit and the Confidential Supplement (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.

P. R. Jeffrey

J.C. C.Q.B.A.