Form 49
[Rule 13.19]

COURT FILE NO.	1601-06131	Clerk's Stamp
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	**AFFIDAVIT**	
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: Shayne Kukulowicz/Ryan Jacobs/Jeffrey Oliver Tel: 403-351-2920 Fax: 403-648-1151 skukulowicz@casselsbrock.com rjacobs@casselsbrock.com joliver@casselsbrock.com	

CLERK OF THE COURT
FILED
SEP 06 2016
JUDICIAL CENTRE
OF CALGARY

AFFIDAVIT NO. 5 OF MERLE JOHNSON
Sworn on September 6, 2016

I, Merle Johnson, of Calgary, Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer and a director of Connacher Oil and Gas Limited ("**Connacher**" or the "**Applicant**"). As such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. I previously swore an Affidavit in this Action on May 16, 2016 (the "**First Affidavit**") and a second Affidavit on May 30, 2016, a third affidavit on August 2, 2016 and a fourth affidavit on August 15, 2016. Where I use capitalized terms in this Affidavit No. 5, but do not define them, I intend them to bear their meanings as defined in the First Affidavit.

3. I make this Affidavit No. 5 in support of an application to extend the stay of proceedings that was initially granted in favour of Connacher in the May 17, 2016 Initial Order of this Honourable Court (the "**Initial Order**") and subsequently extended on June 10, 2016 and most recently on August 10, 2016 to September 15, 2016 (the "**Stay Period**").

4. Connacher is seeking an order of this Honourable Court further extending the Stay Period to November 15, 2016 (the "**Stay Extension**").

5. I am advised by the Monitor and do verily believe that the Monitor supports this application. Further, I am advised by counsel for the Interim Financing Agent and First Lien Agent and do verily believe that the Interim Financing Agent and First Lien Agent also support this application.

6. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

I. ACTIVITIES TO DATE

7. Since the commencement of this CCAA proceeding, the Applicant has been actively engaged in advancing the restructuring proceedings for the benefit of all stakeholders. The Applicant has taken, and continues to take, significant steps to advance the restructuring, including but not limited to:

   (a) Cooperating with the Monitor to facilitate its monitoring of the Applicant's business and operations;

   (b) Communicating, in some cases extensively, with various stakeholder groups and their advisors (including the Interim Lenders and the First Lien Agent (each as defined in the Initial Order)), suppliers, trade creditors, employees, contractors and others;

   (c) Entering into the Interim Financing Credit Agreement (as defined in the Initial Order) with the Interim Lenders, as authorized in the Initial Order, and receiving funding thereunder;

   (d) Working with the Monitor to pursue the sale and investment solicitation process which was approved by this Honourable Court on May 17, 2016, a copy of which is attached to the Initial Order as Schedule "A" (the "**SISP**"), including as detailed further below;

   (e) Preparing and sending disclaimer notices for certain contracts, including in respect of Connacher's head office lease;

   (f) Negotiating lease arrangements for new head office space, which Connacher is currently in the process of moving into; and

   (g) Continuing to operate and manage the Applicant's business in the ordinary course subject to the terms of the Initial Order.

II. UPDATE ON SISP

8. Since the initial application in this proceeding, the Applicant, the Monitor and their advisors have worked diligently to implement the SISP. The formal marketing process for the SISP began on May 18, 2016, immediately following entry of the Initial Order.

9. The Applicant has received significant interest in the SISP from various types of parties, including industry participants and financial parties. The Applicant and the Monitor have worked closely to ensure that information was made available to potential bidders in a timely and efficient manner, in order to encourage active participation in the process.

10. On June 24, 2016, Connacher extended the Phase I Bid Deadline (receipt of non-binding letters of intent) to July 14, 2016, as well as the Phase II Bid Deadline (receipt of binding bids) as further described herein.

11. Following the revised Phase I Bid Deadline, the Monitor and Connacher received multiple non-binding letters of intent in connection with the SISP. Connacher reviewed and assessed the non-binding letters of intent received, consulted with the Consultation Parties (as defined in the SISP) in respect of those bids and determined to proceed to Phase II of the SISP.

12. On August 5, 2016, Connacher further extended the Phase II Bid Deadline to August 19, 2016.

13. Connacher received multiple meaningful bids following the revised Phase II Bid Deadline.

14. Pursuant to the terms of the SISP, Connacher was provided with the discretion, after consulting with the Consultation Parties, to not immediately select a successful bid and instead continue the process, including requesting that certain bidders revisit their proposal or commencing an auction process.

15. Following consultation with the Consultation Parties, Connacher decided to continue negotiations with certain of the Phase II bidders in order to allow Connacher to maximize value and ultimately enter into an acceptable agreement with one of the bidders.

III. STAY EXTENSION

16. The Applicant is seeking an extension of the Stay Period to November 15, 2016.

17. The proposed extension of the Stay Period is necessary in order to provide Connacher and the Monitor with sufficient time to complete the SISP, including completing negotiations with the bidders and, if an agreement is reached, seeking Court approval and closing a transaction.

18. Based on the Applicant's current cash on hand and cash flow projections, the Applicant will have sufficient liquidity through the proposed Stay Extension. An updated cash flow projection for the period covering the proposed Stay Extension will be attached to the the Fourth Report of the Monitor.

19. I believe that the Applicant has been acting in good faith and with due diligence in these proceedings and I believe it is in the best interests of the Applicant and its stakeholders that the Stay Period be extended to November 15, 2016.

20. As noted above, each of the Monitor, the Interim Financing Agent and the First Lien Agent support an extension of the Stay Period to November 15, 2016.

IV. CONCLUSION

21. I believe the relief sought herein is appropriate under the circumstances.

SWORN before me at the City of Calgary, in the Province of Alberta, on September 6, 2016

Commissioner for Oaths/Notary Public in and for the Province of Alberta

Danielle S. Maréchal
Barrister and Solicitor

MERLE JOHNSON