Form 49
[Rule 13.19]

COURT FILE NO.	1601-06131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT FILED JUN 04 2018 JUDICIAL CENTRE OF CALGARY
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 (STAY EXTENSION AND SALE OF TRAILERS)**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Cassels Brock & Blackwell LLP** Suite 3810, Bankers Hall West 888-3rd Street SW Calgary, AB T2P 5C5 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	

AFFIDAVIT OF JEFF BEESTON
Sworn on June 4th, 2018

I, Jeff Beeston, of Calgary, Alberta, **SWEAR AND SAY THAT:**

1. I am Chief Financial Officer of Connacher Oil and Gas Limited ("**Connacher**"). 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 am authorized by Connacher to swear this Affidavit on its behalf.

3. I make this Affidavit in support of an application by Connacher for Orders:

(a) if necessary, abridging the time for service of this Application and supporting materials and declaring service to be good and sufficient;

(b) extending the stay of proceedings up to and including September 30, 2018;

(c) approving the sale of the assets set out in invoice number MI2018trailers23-26 (the "**Ventures Purchased Assets**") by Connacher to Ventures North Financial Group LP ("**Ventures**") and vesting in Ventures Connacher's right, title and interest in and to the Ventures Purchased Assets;

(d) approving the sale of the assets set out in invoice number MI2018trailers17-22 (the "**Rocksteady Purchased Assets**") by Connacher to Rocksteady Oilfield Service Inc. ("**Rocksteady**") and vesting in Rocksteady Connacher's right, title and interest in and to the Rocksteady Purchased Assets;

(e) approving the sale of the assets set out in invoice number MI2018trailers01-16/29-34 (the "**Larson Purchased Assets**") by Connacher to Larson Management (Div. of TORQ Trucking (2015) Ltd.) ("**Larson**") and vesting in Larson Connacher's right, title and interest in and to the Larson Purchased Assets;

(f) sealing on the Court file **Confidential Exhibits "1", "2" and "3"** attached hereto (as discussed below); and

(g) such further and other relief as set out in the Application filed herewith.

4. I am advised by Neil Narfason, with the Monitor and do verily believe that the Monitor supports this Application. Further, I am advised by Sean Zweig, counsel to the First Lien Agent (as defined in the Initial Order (as defined below)) and Consenting First Lien Lenders (as defined below), and do verily believe that the First Lien Agent and Consenting First Lien Lenders also support this Application.

I. EXTENSION OF THE STAY PERIOD

5. On May 17, 2016, the Honourable Madam Justice Dario of this Honourable Court granted an Initial Order (the "**Initial Order**") which provided for, among other things, a stay of proceedings up to and including June 16, 2016 pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") in favour of Connacher, which has most recently been extended by this Honourable Court to June 29, 2018 (the "**Stay Period**").

6. Pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed as monitor in this CCAA proceeding.

7. Over the past several months, Connacher has made significant progress toward exiting CCAA protection in 2018.

8. On March 28, 2018, this Honourable Court approved Connacher's entry into a Support Agreement (the "**Support Agreement**") with the First Lien Agent and certain of the first lien lenders (the "**Consenting First Lien Lenders**") holding in excess of 75% of the principal amount of debt outstanding under the First Lien Credit Agreement dated as of May 23, 2014, as amended. As part of that application, this Honourable Court approved a renewed sale and investment solicitation process (the "**SISP**"), which set out procedures for Connacher to test the market for a sale of, or investment in, its business or assets.

9. The Support Agreement provides that Connacher will conduct the SISP in order to determine whether a "Superior Transaction" (as defined in the SISP) is available. If no Superior Transaction is identified, Connacher will complete a transaction (the "**Restructuring Transaction**") pursuant to which the First Lien Agent, at the direction of the Consenting First Lien Lenders, will form a purchaser that will credit bid a portion of the first lien debt in exchange for all or substantially all of Connacher's assets.

10. In accordance with the terms of the SISP, Connacher launched Phase I of the SISP with the assistance of Houlihan Lokey Capital, Inc. (the "**Financial Advisor**") on April 3, 2018 to solicit indications of interest in the business and assets of Connacher in the form of non-binding letters of intent from potential bidders. The Special Committee of Connacher's board of directors, in consultation with the Financial Advisor, the Monitor and the Consenting First Lien Lenders, has determined to move to Phase II of the SISP. Final binding bids are due by June 20, 2018.

11. Attached hereto as **Exhibit "A"** is a copy of a press release issued by Connacher on May 24, 2018 confirming Connacher's advancement to Phase II of the SISP.

12. Connacher requests that this Honourable Court grant an extension of the Stay Period through and including September 30, 2018, which is the outside date under the Support Agreement.

13. It is my belief that the proposed extension of the Stay Period is necessary and is in the best interests of Connacher and its stakeholders, as it will enable Connacher to complete the SISP, and to either seek Court approval of and to complete a Superior

Transaction identified therein, or, alternatively, if no Superior Transaction is identified, to complete the Restructuring Transaction.

14. To the best of my knowledge, based on Connacher's current cash on hand and cash flow projections, Connacher will have sufficient liquidity through at least the proposed extension of the Stay Period. I am advised by Neil Narfason with the Monitor and do verily believe that an updated cash flow projection for the period covering the proposed extension of the Stay Period will be attached to the Sixteenth Report of the Monitor.

15. It is my belief that Connacher has acted in good faith and with due diligence in these proceedings, including in implementing the SISP in accordance with its terms. It is my belief that it is in the best interests of Connacher and its stakeholders that the Stay Period be extended to September 30, 2018.

II. THE TRANSACTIONS

16. Connacher owns the trailers forming the Ventures Purchased Assets, the Rocksteady Purchased Assets and the Larson Purchased Assets (collectively, the "**Assets**").

17. It is currently costing Connacher more to maintain the Assets on an annual basis than the Assets are worth.

18. As a result of the high expense associated with maintaining the Assets, Connacher began exploring options to sell the trailers. In that regard, Connacher sought and obtained advance approval from the Consenting First Lien Lenders to sell the trailers.

19. I am advised by Gordon Trainor, Director, Engineering and Geosciences with Connacher, and do verily believe that Mr. Trainor approached various trucking companies who are in the business of leasing trailers to determine whether they had any interest in purchasing the Assets.

20. I am further advised by Mr. Trainor and do verily believe that of the trucking companies approached by Connacher, Ventures, Rocksteady and Larson (collectively, the "**Purchasers**") expressed interest in purchasing the Assets.

21. As a result of those discussions:

   (a) on April 25, 2018, Connacher agreed to sell and Ventures agreed to purchase the Ventures Purchased Assets (the "**Ventures Sale**");

   (b) on April 30, 2018, Connacher agreed to sell and Rocksteady agreed to purchase the Rocksteady Purchased Assets (the "**Rocksteady Sale**"); and

(c) on May 11, 2018, Connacher agreed to sell and Larson agreed to purchase the Larson Purchased Assets (the "**Larson Sale**"),

(collectively, the "**Transactions**").

22. Redacted copies of invoice numbers MI2018trailers17-22, MI2018trailers17-22 and MI2018trailers01-16/29-34 (collectively, the "**Invoices**"), with the purchase prices removed, are attached as **Exhibits "B", "C"** and **"D"** to this Affidavit. Complete copies of the Invoices are attached hereto as **Confidential Exhibits "1", "2"** and **"3"**.

23. I am advised by Mr. Trainor and do verily believe that there are no conditions to closing the Transactions other than the payment by the Purchasers of the purchase price as set out in the Invoices.

24. However, I understand from counsel to Connacher that Connacher requires this Honourable Court's approval to sell the Assets under the terms of the Initial Order.

25. The Transactions were negotiated in good faith and at arm's length and the Purchasers are not related to Connacher.

26. The Transactions will allow Connacher to monetize the Assets and utilize the proceeds from the Transactions in the ordinary course of operations and there will be no distribution to secured creditors.

27. Based on the foregoing, it is my belief that the purchase price for each of the Transactions is fair, reasonable and represents market value for the Assets and the Transactions are commercially reasonable and fair in light of the current market conditions. Given the value of the Assets, I also do not believe that a broad marketing process would have been beneficial nor do I believe that it would have yielded a higher purchase price for the Assets.

28. Connacher therefore respectfully requests that this Honourable Court approve the Transactions in the form of Approval and Vesting Orders attached to Connacher's application.

III. SEALING OF CONFIDENTIAL EXHIBIT

29. **Confidential Exhibits "1", "2"** and **"3"** attached hereto contain the purchase price payable by the Purchasers under the Invoices. All other terms of the Invoices are included in the redacted copies of the Invoices contained in **Exhibits "B", "C" and "D"** attached above.

30. In order to protect Connacher's ability to negotiate with other parties in the event that the Transactions do not close as intended, Connacher is requesting that the purchase price be sealed until the completion of the Transactions and the filing of the Monitor's Certificate (as defined in the Approval and Vesting Orders).

SWORN before me at the City of Calgary, in the Province of Alberta on June 4th, 2018 Commissioner for Oaths/~~Notary Public~~ in and for the Province of Alberta L.R. Lindsay M. Rydl Barrister & Solicitor	**JEFF BEESTON**

Connacher
OIL AND GAS LIMITED

May 24, 2018

MEDIA RELEASE

FOR IMMEDIATE RELEASE

CONNACHER COMMENCES PHASE II OF SALE AND INVESTMENT SOLICITATION PROCESS

Calgary, Alberta - Connacher Oil and Gas Limited ("Connacher" or the "Company") announces that it will be proceeding to Phase II of its new sale and investment solicitation process for the Company's business and assets (the "SISP") being conducted in conjunction with Connacher's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") with the assistance of its financial advisor, Houlihan Lokey Capital, Inc. ("Houlihan").

In accordance with the terms of the SISP, Connacher launched Phase I of the SISP with the assistance of Houlihan on April 3, 2018 to solicit indications of interest in the business and assets of Connacher in the form of non-binding letters of intent from potential bidders. The Special Committee of the Board of Connacher, in consultation with Houlihan, the Monitor and the Consenting First Lien Lenders (as those terms are defined in the SISP), has determined to move to Phase II of the SISP. Final binding bids are due by June 20, 2018.

The Company does not intend to comment further regarding the SISP or the CCAA process unless it is determined that further disclosure is appropriate or required by law.

About Connacher

Connacher is a Calgary-based *in situ* oil sands developer, producer, and marketer of bitumen. The Company holds a 100 per cent interest in approximately 465 million barrels of proved and probable bitumen reserves and operates two steam-assisted gravity drainage facilities located on the Company's Great Divide oil sands leases near Fort McMurray, Alberta.

-30-

This is Exhibit "A"
referred to in the affidavit of
Jeff Beeston
sworn before me this 4
day of June, 20 18.
LRydl
A Commissioner for Oaths in and for Alberta
Lindsay M. Rydl
Barrister & Solicitor

Forward Looking Information

This press release contains forward looking information including, but not limited to the status of the CCAA proceeding and the SISP, the Company's ability to manage its liquidity position and deploy the capital required to maintain existing reserve and production bases, fund maintenance capital, fund working capital requirements and meet contractual and other commitments; expectations regarding future commodity prices, foreign exchange rates, diluent blend ratio, transportation costs, and production and operating costs in future periods; expectations regarding sales and production, bitumen netback, general and administrative expenses, and capital expenditures in future periods; the Company's reserves; and general operational and financial performance in future periods.

Forward looking information is based on management's expectations regarding the Company's future financial position; the Company's future growth, results of operations and production, future commodity prices and foreign exchange rates; future capital and other expenditures (including the amount, nature, and sources of funding thereof), plans for and results of drilling activity; environmental matters; business prospects and opportunities; and future economic conditions. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: the risk that the new SISP process may not result in a Superior Transaction (as defined in the SISP) or, in that circumstance, that the Restructuring Transaction (as defined in the SISP) is not implemented, the risk that the CCAA Stay Period will not be extended past June 29, 2018 and that as a result, creditors will be entitled to exercise their various rights and remedies against the Company, the level of indebtedness of the Company, the implementation and impact of any reorganization or restructuring on the assets, business and financial affairs of the Company, future co-operation of the creditors of the Company, the Company's ability to generate sufficient cash flow from operations or to obtain adequate financing to fund capital expenditures and working capital needs and to maintain the Company's ongoing obligations during the CCAA process and thereafter, the ability to maintain relationships with suppliers, customers, employees, shareholders and other third parties in light of the Company's current liquidity situation and the CCAA proceeding, as well as the risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), risk of commodity price and foreign exchange rate fluctuations, risks associated with the impact of general economic conditions, risks and uncertainties associated with maintaining the necessary regulatory approvals and securing the financing to continue operations and increase production to levels previously achieved.

Although Connacher believes that the expectations in such forward looking information are reasonable, there can be no assurance that such expectations shall prove to be correct. Any forward looking information included in this press release is expressly qualified in its entirety by this cautionary statement. Any forward looking information included herein is made as of the date of this press release and Connacher assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.

Contact

Merle Johnson
Chief Executive Officer

Jeff Beeston
Chief Financial Officer

Connacher Oil and Gas Limited
Phone: (403) 538-6201
Fax: (403) 538-6225
Suite 1040, 640 - 5th Avenue SW
Calgary, Alberta T2P 3G4
inquiries@connacheroil.com
www.connacheroil.com

Connacher
OIL AND GAS LIMITED

Remit to: Connacher Oil & Gas Limited
1040 , 640 - 5th Ave. SW
Calgary, AB T2P 3G4
(403) 538-6225 Fax
(403) 538-6201 Phone

April 25, 2018

Ventures North Financial Group LP
#40, 120 Portage Close
Sherwood Park, Alberta T8H 2W2

Invoice # MI2018trailers23-26

RE: Sale of trailers to Ventures North Financial Group LP

465-A	C-310023	2014	REMTEC	SUPER B Tanker	62,000 Liter	TC407 Aluminum	2R9A2A3M0EC010090
465-B	C-310024	2014	REMTEC	SUPER B Tanker	62,000 Liter	TC407 Aluminum	2R9A3A2H0EC010091
466-A	C-310025	2014	HEIL	SUPER B Tanker	60,000 Liter	TC407 Aluminum	5HTDL4038E5G27094
466-B	C-310026	2016	HEIL	SUPER B Tanker	60,000 Liter	TC407 Aluminum	3H4DL2925G3F46946

Units 23/24 purchase amount [redacted]
Units 25/26 purchase amount [redacted]
Both sets of trailers will have tank certifications renewed at Connacher's cost.

PRICING DETAILS

	QTY		Unit Price	Amount
c-310023	1.00	$	[redacted]	
c-310024	1.00	$		
c-310025	1.00	$		
c-310026	1.00	$		
GST				[redacted]
Total due to Connacher				[redacted]

GST # 882137961

Funds can be electronically transferred to:

Connacher Oil and Gas Limited
Bank Name
Bank Number
Bank Transit
Account# [redacted]

(see attached)

This is Exhibit "B"
referred to in the affidavit of
Jeff Beeston
sworn before me this 4
day of June, 20 18.

A Commissioner for Oaths in and for Alberta

Lindsay M. Rydl
Barrister & Solicitor

Connacher
OIL AND GAS LIMITED

Remit to: Connacher Oil & Gas Limited
1040 , 640 - 5th Ave. SW
Calgary, AB T2P 3G4
(403) 538-6225 Fax
(403) 538-6201 Phone

April 30, 2018

ROCKSTEADY OILFIELD SERVICES INC.
BOX 7374
Peace River, AB T8S 1S9

Invoice # MI2018trailers17-22

RE: Sale of trailers to Rocksteady Oilfield Services Inc.

461-A	C-310017	2014	REMTEC	SUPER B Tanker	62,000 Liter	TC407 Aluminum	yes	Yes	Yes	2R9A2A3M1EC010051	4PJ911	3-Sep-13	5AZ9-74
461-B	C-310018									2R9A3A2H1EC010052	4PJ912	3-Sep-13	5AZ9-75
462-A	C-310019	2014	REMTEC	SUPER B Tanker	62,000 Liter	TC407 Aluminum	yes	Yes	Yes	2R9A2A3M3EC010049	4PJ909	27-Nov-17	5AZ9-76
462-B	C-310020									2R9A3A2H8EC010050	4PJ910	27-Nov-17	5AZ9-77
464-A	C-310021	2014	REMTEC	SUPER B Tanker	62,000 Liter	TC407 Aluminum	yes	Yes	Yes	2R9A2A3M2EC010088	4SD056	7-Feb-17	5AZ9-78
464-B	C-310022									2R9A3A2H2EC010089	4SD057	7-Feb-17	5AZ9-79

PRICING DETAILS

	QTY		Unit Price	Amount
c-310017	1.00	$	[redacted]	
c-310018	1.00	$		
c-310019	1.00	$		
c-310020	1.00	$		
c-310021	1.00	$		
c-310022	1.00	$		
GST				[redacted]
Total due to Connacher				[redacted]

Funds can be electronically transferred to:

Connacher Oil and Gas Limited
Bank Name
Bank Number
Bank Transit
Account#
[redacted]

(see attached)

This is Exhibit " C "
referred to in the affidavit of
Jeff Beeston
sworn before me this 4
day of June , 2018 .

A Commissioner for Oaths in and for Alberta

Lindsay M. Rydl
Barrister & Solicitor

Connacher
OIL AND GAS LIMITED

Remit to: Connacher Oil & Gas Limited
1040 , 640 - 5th Ave. SW
Calgary, AB T2P 3G4
(403) 538-6225 Fax
(403) 538-6201 Phone

May 11, 2018

LARSON MANAGEMENT (DIV. OF TORQ TRUCKING(2015) LTD)
1810, 250 - 6th Ave. SW
Calgary, AB T2P 3H7

Invoice # MI2018trailers01-16/29-34

RE: Sale of trailers

CLC ID	Year	Make	Unit Type	Tanker Volume	Tank Type
				Super B Tankers	
C-310001	2013	HEIL	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310002					
C-310003	2013	HEIL	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310004					
C-310005	2013	HEIL	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310006					
C-310007	2013	TREMCAR	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310008					
C-310009	2014	HEIL	SUPER B Tanker	60,000 Liter	TC407 Aluminum
C-310010					
C-310011	2014	HEIL	SUPER B Tanker	60,000 Liter	TC407 Aluminum
C-310012					
C-310013	2014	HEIL	SUPER B Tanker	60,000 Liter	TC407 Aluminum
C-310014					
C-310015	2014	HEIL	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310016					
C-310029	2014	HEIL	SUPER B Tanker	60,000 Liter	TC407 Aluminum
C-310030					
C-310031	2014	HEIL	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310032					
C-310033	2014	HEIL	SUPER B Tanker	57,000 Liter	TC407 Aluminum
C-310034					

PRICING DETAILS

	QTY		Unit Price	Amount
310001 2013 HEIL 5HTDL4032D5G25310	1.00	$	[redacted]	
310002 2013 HEIL 5HTDL2928D5F25341	1.00	$		
310003 2013 HEIL 5HTDL4033D5G25302	1.00	$		
310004 2013 HEIL 5HTDL2929D5F2533	1.00	$		
310005 2013 HEIL 5HTDL4030D5G25306	1.00	$		
310006 2013 HEIL 5HT0L2926D5F25337	1.00	$		
310007 2013 TREMCAR 1T9BL403XDS588873	1.00	$		
310008 2013 TREMCAR 1T9BL3223DS588874	1.00	$		
310009 2014 HEIL 5HTDL4035E5G26839	1.00	$		
310010 2014 HEIL 5HTDL2920E5F26842	1.00	$		
310011 2014 HEIL 5HTDL4031E5G26840	1.00	$		
310012 2014 HEIL 5HTDL2924E5F26844	1.00	$		
310013 2014 HEIL 5HTDL4033E5G26841	1.00	$		
310014 2014 HEIL 5HTDL2922E5F26843	1.00	$		
310015 2014 HEIL 5HTDL4032E5G25311	1.00	$		
310016 2014 HEIL 5HTDL292XD5F25342	1.00	$		
310029 2014 HEIL 5HTDL4031E5G27098	1.00	$		
310030 2014 HEIL 5HTDL2926E5F27090	1.00	$		
310031 2014 HEIL 2HTDL4030E5G27122	1.00	$		
310032 2014 HEIL 5HTDL2920E5F27124	1.00	$		
310033 2014 HEIL 5HTDL4030E5G27123	1.00	$		
310034 2014 HEIL 5HTDL292XE5F27125	1.00	$		
GST				[redacted]
Total due to Connacher				[redacted]

This is Exhibit " D "
referred to in the affidavit of
Jeff Beeston
sworn before me this 4
day of June , 20 18 .

A Commissioner for Oaths in and for Alberta
Lindsay M. Rydl
Barrister & Solicitor

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Connacher Oil and Gas Limited
Bank Name
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[redacted]

(see attached)