

Court File Number 1701- 13518
Court COURT OF QUEEN'S BENCH OF ALBERTA
Judicial Centre CALGARY
Applicant STREAM ASSET FINANCIAL SPARK LP
Respondent BLAZE ENERGY LTD. and WILD ROSE ENERGY LTD.
Document AFFIDAVIT (SALE APPROVAL)
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Lawyers for the Applicant, Stream Asset Financial Spark LP
File No.: 138574-1009

AFFIDAVIT OF TEXAS HOWARD IV

Sworn on October 6, 2017.

I, Texas E. Howard IV, of the City of Calgary, in the Province of Alberta SWEAR AND SAY THAT:

1. I am the Executive Vice President of Corporate Development and Finance as well as the Chief Financial Officer of Blaze Energy Ltd. ("Blaze"). I am also a Director of Wild Rose Energy Ltd. ("Wild Rose" and together with Blaze, the "Company"). As such I have personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief and where so stated, I believe the same to be true.
2. I am duly authorized to swear this Affidavit on behalf of the Company.
3. This Affidavit is sworn in support of the Application of Stream Asset Financial Spark LP ("Stream") for, *inter alia*, an Order approving the sale of certain of the Company's assets to Tidewater Brazeau Gas Storage LP ("Tidewater LP") in accordance with the

terms set forth in the purchase and sale agreement (the "PSA") between Tidewater LP and FTI Consulting Canada Inc. ("FTI" or the "Receiver"), and vesting such assets in Tidewater LP on closing, free and clear of all encumbrances other than Permitted Encumbrances (as defined in the PSA) (the "Vesting Order"). Attached to the Receiver's Report as a Confidential Appendix is a copy of the PSA.

Background

4. The Company is in the business of exploring for, developing and producing gas and natural gas liquids, as well as operating an enhanced oil recovery and natural gas storage project in the Brazeau River area of Alberta.
5. Since August 2015, the Company has been working with several third party financial advisory companies in respect of various sales and investment solicitation processes, as discussed in detail below.
6. The Company's assets have been secured by Stream, which is the agent for a syndicate of lenders (the "Lenders") who granted the Company bridge financing in August 2016 (the "Loan Facilities").
7. After extensive attempts to recapitalize the Company, the focus shifted to marketing all or substantially all of the assets of the Company. After a comprehensive marketing process, one viable offer was received which has resulted in the PSA.
8. It is the view of the Company and Blaze that the approval of the sale transaction set forth in the PSA is reasonable in the circumstances as it represents the only offer submitted to the Company.

The Assets and Security

9. Substantially all of the assets of the Company consist of certain petroleum and natural gas interests near Drayton Valley, Alberta, including interests in and to:
 - (a) enhanced oil recovery reservoirs near the Brazeau River;
 - (b) a gas storage facility near the Brazeau River;
 - (c) petroleum and natural gas interests;
 - (d) all related contractual rights, surface rights, permits, licenses, approvals and miscellaneous interests;
 - (e) all related wells, pipelines, facilities and equipment; and
 - (f) carbon credits associated with the Brazeau River Complex and deep mineral rights in the Brazeau area of Alberta (the "Blaze Assets").
10. Those assets of the Company not forming part of the Assets (as defined in the PSA and hereafter including the Blaze Assets) consist of non-operated properties and miscellaneous equipment, namely:

- (a) non-operating wells and production in the Kaybob, Alberta area;
 - (b) shut in gas wells in the Medicine Hat and Michichi, Alberta area;
 - (c) miscellaneous interests and equipment at these locations;
 - (d) tax pools comprised primarily of non-capital loss carry forwards and undepreciated capital costs;
 - (e) a receivable from the Alberta Department of Energy subject to completion of audit work; and
 - (f) other receivable amounts contingent on successful litigation.
11. I understand several parties appear to have registered security interests earlier in time than the Lenders, but which no longer have security in the Company's Assets:
- (a) Société Générale registered a security interest against Blaze and a security notice (the "Security Notice") against certain crown mineral leases which Wild Rose has an interest in. The loan and demand debenture which relate to the Security Notice have been fully satisfied by proceeds from the Loan Facilities and accordingly the Security Notice can be discharged. Attached hereto as Exhibit "A" is a copy of the Security Notice. Attached hereto as Exhibits "B" and "C" are a General Release and Discharge dated August 22, 2016 and a Joint Written Instruction for Release of Escrow Funds dated December 20, 2016, both indicating that the Société Générale loan has been satisfied in full; and
 - (b) Enerflex Ltd. registered a security interest against Wild Rose in respect of a specific piece of rental equipment: 02-26-048-13W5 Unit 9016800 Compressor. This piece of equipment was decommissioned and returned to Enerflex Ltd. in or about August 2016.

Sale and Investment Solicitation Processes

12. From August 2015 through to December 2016, the Company sought to recapitalize their senior secured debt. However, despite some interest from third parties, these efforts were largely unsuccessful. Accordingly, the Company decided to pursue the sale of all or substantially all of its assets to a third party.
- A. Phase 1 - Recapitalization of Blaze and Wild Rose*
13. On August 13, 2015, Blaze engaged FirstEnergy Capital Corp. ("First Energy") in order to facilitate the sale of all or a portion of Blaze's upstream assets, with the expected proceeds being used to fully repay its secured debt.
14. FirstEnergy reached out to eleven potential acquirers, eight of which executed non-disclosure agreements to enter a virtual data room to conduct due diligence on Blaze. Four parties met with Blaze's management team, two of which issued non-binding

letters of intent. One of the letters of intent contained a financing condition, while the other was from Predator Oil Ltd. ("Predator"), an affiliate of Tidewater Midstream and Infrastructure Ltd. ("Tidewater"). Tidewater had purchased Blaze's midstream business for \$175 million in July 2015.

15. Predator completed its due diligence of Blaze's assets in September 2016 and reduced its offered purchase price to \$15 million for certain of the upstream assets. In November 2016, Blaze and the Lenders agreed to change the purchasing party from Predator to Tidewater because the assets better aligned with Tidewater's business needs (the "Upstream Sale").
16. The Lenders consented to the Upstream Sale and pushed the Loan Facilities' maturity date from December 31, 2016 to April 28, 2017. In exchange, the Company agreed to pay a restructuring fee of \$5.25 million in the event the Loan Facilities were not paid in full by December 31, 2016. However, the restructuring fee would not be payable until the earlier of April 28, 2017 and when the Loan Facilities were repaid in full.
17. The Upstream Sale closed in December 2016 and resulted in a reduction of Blaze's liabilities and a partial repayment of \$7.5 million to the Lenders.
18. On October 19, 2015, the Company engaged SG Americas Securities, LLC and Société Générale Capital Canada Inc. (collectively, "SG") in order to facilitate a private placement of securities to fund a recapitalization of the Company and provide growth capital.
19. SG targeted investors with a primary interest in midstream investment opportunities, and to a lesser extent those interested in upstream opportunities. In all, SG identified and contacted eighty-one potential investors. Of these, fifty-six took teaser information, eighteen of which executed non-disclosure agreements and accessed the virtual data room. The Company's management team met with twelve parties, three of which issued non-binding letters of intent.
20. Unfortunately, none of the letters of intent translated into completed private placements.

B. Phase 2 - Sale of Wild Rose Assets

21. On September 22, 2016, in order to facilitate the sale of its assets, the Company engaged Tudor, Pickering, Holt & Co. Securities - Canada ULC ("TPH").
22. According to its website, TPH is an integrated investment and merchant bank providing high quality advice and services to the energy industry. TPH offers sales and trading, and research coverage of approximately 140 issuers worldwide. The firm's investment management complex has more than \$1.9 billion assets under management dedicated to the energy space. It is headquartered in Houston, with offices in Calgary, Denver, London and New York.
23. After completing its due diligence in or about early October 2016, TPH issued teasers to prospective strategic and financial partners in Canada and the United States.

24. TPH approached twenty-four parties with a focus on midstream companies. A total of nine parties executed confidentiality agreements and accessed the virtual data room to conduct due diligence of their own on the Company's assets. Seven parties met with the Company's management team, two of which issued non-binding letters of intent to acquire certain of the assets of the Company.
25. Letters of intent (each a "Proposal" and together the "Proposals") were received from two interested parties in February and March 2017 (each a "Potential Purchaser").
26. One Proposal would have generated a purchase price slightly in excess of the Company's total indebtedness to the Lenders, however it would have required the Company to enter into a long-term take or pay contract. Moreover, after additional diligence, the Potential Purchaser became uncomfortable with the risk profile of the Company's enhanced oil recovery business and its financial partner was unwilling to fund the transaction.
27. The second Proposal was from Tidewater. Its initial February Proposal was revised after additional diligence, resulting in an executed letter of intent on May 25, 2017 (the "Tidewater LOI"). The Tidewater LOI included the purchase of certain of the Company's assets in exchange for a cash payment plus a ten-year earn out to the Lenders, based on the cashflow generation of the purchased assets. The Tidewater LOI is attached to the Receiver's Report as a Confidential Appendix.
28. Unfortunately, the Tidewater LOI did not immediately progress to closing as a result of further diligence and negotiations as required by Tidewater.
29. However, Tidewater and the Company continued negotiations throughout the summer of 2017. These negotiations culminated in a prospective agreement as set out in the PSA wherein Tidewater LP will provide a cash payment to Wild Rose. In addition, pursuant to Tidewater LP's limited partnership agreement, Stream's affiliate, Stream Asset Financial Tribus LP, will receive an earn out, based on the cashflow generation of the Assets.

Application for Receivership and Approval of the Transaction

30. While the Company's financial situation is such that it does not have the financial resources to either maintain, maximize or even preserve the value of the Assets, if FTI is appointed as Receiver, Tidewater will continue to operate the Assets on behalf of the Receiver as it has done for the Company since it acquired its position in the Company's midstream and upstream assets.
31. Those assets not forming part of the Assets are generally wells that are shut in or not operating, as noted in paragraph 10 above, and in any case those wells operated by the Company have deposits in place with the Alberta Energy Regulator (the "AER").
32. If FTI is appointed as Receiver, it is anticipated that the directors of the Company will resign and all fourteen employees of the Company will be terminated upon the filing of the Receivership Order.


33. I believe that the Company, with the assistance of FirstEnergy, SG and TP, have conducted a thorough and comprehensive canvassing of the market, and I am satisfied that all alternatives and expressions of interest were properly and thoroughly pursued. The sale and investment solicitation process, which commenced in August 2015, was actively marketed and open to prospective investors and purchasers through much of the next two years. Despite the lengthy process, no definitive offers were ever received that would have allowed the Company to repay the Loan Facilities in full.
34. After completion of the comprehensive marketing efforts during the sale and investment solicitation process, the Receiver has reached a prospective agreement with Tidewater LP on the terms set out in the PSA, which is subject to the approval of this Honourable Court.
35. The PSA includes an escrow condition whereby the purchase funds and all documents necessary to convey the Assets will be held, pending review and approval by the AER of the transfer of the Assets and related licenses. In the event the AER refuses the transfer, the purchase funds will be returned to Tidewater LP and any transfer documents will be destroyed. I also understand that Stream has agreed to make certain funds available for any interim operating needs, which I understand to be sufficient for the escrow period based on the operational history of the Company.
36. The PSA also provides that certain gas storage agreements with third parties will be excluded from the Assets, which agreements I understand FTI intends to disclaim as a requirement by Tidewater LP to purchase the Assets. I believe if these agreements are not disclaimed then Tidewater LP will not complete the transaction.
37. Given the requirements of the Lenders and Tidewater LP, I believe that the transaction contemplated by the PSA represents the best and highest offer that could be obtained for the Assets in the present circumstances.

Conclusion

38. I make this affidavit in support of the Application of Stream for approval by this Honourable Court of the PSA and the vesting by this Honourable Court of the Assets in Tidewater LP pursuant to the PSA, and not for any improper purpose.

SWORN (OR AFFIRMED) BEFORE ME
at the City of Calgary, Alberta, this
6 day of October, 2017.

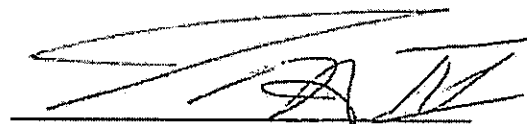
Commissioner for Oaths
in and for the Province of Alberta



DAVID M. PRICE

A Notary Public and Commissioner for Oaths
in and for the Province of Alberta
My Appointment expires at the Pleasure
of the Lieutenant Governor.

721125 v2



TEXAS E. HOWARD IV