

COURT FILE NUMBER 1501-09424
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT WALDRON ENERGY CORPORATION
DOCUMENT APPROVAL AND VESTING ORDER
(Sale by Receiver)



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8

Attn: Ryan Zahara / James Reid
Telephone: 403-260-9628 / 403-260-9731
Facsimile: 403-260-9700
File: 79294/9
Email: ryan.zahara@blakes.com
james.reid@blakes.com

I hereby certify this to be a true copy of the original Order dated this 5 day of April 2016

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: Monday, April 4, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre, Justice Chambers

NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Justice S.J. LoVecchio

UPON THE APPLICATION by FTI Consulting Canada Inc., in its capacity as court-appointed receiver and manager (the "Receiver") of the undertaking, property and assets of Waldron Energy Corporation (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "Sale Agreement") between the Receiver and Capital Oil Ltd. (the "Purchaser") made effective February 1, 2016 and appended to the First Report of the Receiver dated March 29, 2016 (the "First Report"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

AND UPON HAVING READ the receivership order dated August 17, 2015 (the "Receivership Order"), the First Report and the Affidavit of Service of Carol Benish sworn March 30, 2016; AND UPON HEARING the submissions of counsel for the Receiver, the Purchaser, any other parties in attendance and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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. Unless otherwise defined herein, all capitalized terms shall have the meaning given to them in the Sale Agreement.

APPROVAL OF TRANSACTIONS

3. The Transaction is hereby approved and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser (or its nominee).

~~4. The Transaction is commercially reasonable and is in the best interests of the Debtor and its stakeholders.~~

5. The actions, conduct and activities of the Receiver to date, as outlined in the First Report are hereby authorized and approved.

VESTING OF PROPERTY

6. Upon the delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in Schedule "A" hereto (the "**Receiver's Certificate**"), subject only to approval of the transfer of applicable licences, permits, and approvals by the Alberta Energy Regulator ("**AER**") pursuant to legislation administered by the AER and the Permitted Encumbrances listed on Schedule "B" hereto, all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any Claims held by or in favour of any person served (either directly or through their solicitors) with the Application; and
- (d) the beneficiary of any Claims created or provided for pursuant to any previous Orders in these proceedings including, without limitation, the Receivership Order;

for greater certainty, this Court orders that all of the encumbrances, other than the Permitted Encumbrances described in the Sale Agreement and listed on Schedule "B" hereto, affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. Upon the delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar of Land Titles of Alberta (the "**Registrar**") is hereby authorized, requested, and directed to cancel any existing certificate of title to lands that form part of the Purchased Assets (the "**Lands**") and to issue a new certificate of title for the Lands in the name of the Purchaser (or its nominee), and to register such transfers, discharges, discharge statements of conveyances, as may be required to convey clear title to the Lands to the Purchaser (or its nominee), which certificate of title shall be subject only to the Permitted Encumbrances.
8. This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c L-7 ("**LTA**") and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
9. The Registrar is hereby directed in accordance with section 162 of the LTA to accept all of the Affidavits of Corporate Signing Authority submitted by the Receiver, in its capacity as Receiver and Manager of the Debtor and not in its personal capacity, substantially in the form attached hereto as Schedule "**C**", and to register the transfers, assignments and conveyances contemplated by the Sale Agreement immediately.

10. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims registered against the interests of the Debtor in respect of the Purchased Assets and, without limiting the generality hereof, the Minister of Energy shall cancel and discharge all security notices and all assignments under section 426 (formerly section 177) of the *Bank Act* (Canada).
11. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims in the nature of builders' liens against the interest of the Debtor in and to the Purchased Assets located in the Province of Alberta.
12. All of the Purchased Assets that are assigned or conveyed by the Receiver to the Purchaser pursuant to this Order and the Sale Agreement shall, upon such assignment or conveyance, be free and clear of and from any and all Claims and any and all rights of first refusal in relation to the Purchased Assets.
13. The sale of the Purchased Assets to the Purchaser does not trigger any rights of first refusal and no Person may object or subsequently challenge the sale of the Purchased Assets to the Purchaser on the basis that it has a right of first refusal.

CLOSING OF THE SALE TRANSACTION

14. The closing of the Transaction shall be effected in accordance with the terms of the Sale Agreement and such amendments to the Sale Agreement as may be agreed to in writing between the Purchaser and the Receiver.
15. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. For clarity, the sale of the Purchased Assets is without prejudice to the ability of any municipality to advance a claim against the proceeds of the sale of the Purchase Assets for taxes levied by the municipalities prior to the date of this Order and any such claim by the municipalities shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as the municipalities had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the

possession or control of the person having that possession or control immediately prior to the sale.

16. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
17. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
18. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
19. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtor.
20. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
21. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

MISCELLANEOUS MATTERS

22. Notwithstanding:
 - (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 23. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
- 24. No authorization or approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, other than authorizations, approvals or exemptions from requirements therefor previously obtained and currently in force, if any and the authorization or approval of the AER referenced in paragraph 6 above.
- 25. 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 the Receiver 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 the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order

SEALING

- 26. The Clerk of the Court shall file the Sale Agreement, which was provided to the Court as Confidential Appendix I to the First Report, including the schedules thereto, in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY FTI CANADA CONSULTING INC. IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND MANAGER OF THE UNDERTAKING, PROPERTY AND ASSETS OF WALDRON ENERGY CORPORATION; and

THE CONFIDENTIAL MATERIALS ARE SEALED UNTIL FURTHER ORDER OR FILING OF THE RECEIVER'S CERTIFICATE EVIDENCING THE CLOSING OF THE TRANSACTION PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE JUSTICE S.J. LOVECCHIO ON APRIL 4, 2016.

27. Leave is hereby granted to any person, entity or party affected by this Order to apply to this Court for a further Order vacating, substituting, modifying or varying the terms of this Order, with such application to be brought on notice to the Receiver and any other affected party in accordance with the *Alberta Rules of Court*.

SERVICE OF THIS ORDER

28. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
29. Service of this Order on any party not attending this application is hereby dispensed with.



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

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1501-09424
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	NATIONAL BANK OF CANADA
DEFENDANT	WALDRON ENERGY CORPORATION
DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2nd Street S.W. Calgary, AB T2P 4J8 Att: Ryan Zahara / James Reid Telephone: 403-260-9628 / 403-260-9731 Facsimile: 403-260-9700 File: 79294/9 Email: ryan.zahara@blakes.com james.reid@blakes.com
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RECITALS

- A. Pursuant to an Order of the Honourable Mr. Justice K.D. Yamauchi of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated August 17, 2015, FTI Consulting Canada Inc. was appointed as the receiver and manager (the "**Receiver**") of the undertaking, property and assets of Waldron Energy Corporation (the "**Debtor**").
- B. Pursuant to an Order of the Court dated April 4, 2016, the Court approved the asset purchase agreement made effective as of February 1, 2016 (the "**Sale Agreement**") between the Receiver and Capital Oil Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 9 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 9 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

FTI CANADA CONSULTING INC., in its capacity as receiver and manager of the undertaking, property and assets of WALDRON ENERGY CORPORATION, and not in its personal capacity.

Per; _____

Name:

Title:

Schedule "B"**Permitted Encumbrances**

- (a) Easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles wires and cable;
- (b) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (c) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements and limitations of general application;
- (d) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (e) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
- (f) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
- (g) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
- (h) the terms and condition of the Leases and the Title and Operating Documents; and
- (i) any other circumstance, matter or thing disclosed in any Schedule attached to the Sale Agreement.

Additionally, the following items must be identified in a Schedule attached to the Sale Agreement to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Debtor's interests in the Assets because of a payout conversion or farm-in, farm-out or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

Schedule "C"

FORM 31.1
LAND TITLES ACT
(Section 161)

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

I, [•], of FTI Consulting Canada Inc., the court-appointed receiver and manager of Waldron Energy Corporation (the "**Corporation**"), make oath and say:

1. I am authorized by the Corporation to execute the instrument (or caveat) without affixing a corporate seal.

SWORN BEFORE ME at the city)
of Calgary, in the Province)
of Alberta, this ____th)
day of [•], 2016)
_____)
