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JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1501-09424
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT NATIONAL BANK OF CANADA
RESPONDENTS **WALDRON ENERGY CORPORATION**
DOCUMENT **FOURTH REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS
COURT APPOINTED RECEIVER AND
MANAGER OF WALDRON ENERGY
CORPORATION**

August 15, 2017

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

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INTRODUCTION

1. On August 17, 2015 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Waldron Energy Corporation (“**Waldron**” or the “**Company**”) pursuant to an Order of the Honourable Mr. Justice K.D. Yamauchi (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Company, to market and solicit offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On April 4, 2016, this Honourable Court granted an Order which, among other things, authorized and approved the execution of an asset purchase agreement (the “**Capital Oil APA**”) between the Receiver and Capital Oil Ltd. (“**Capital Oil**”), and authorized and directed the Receiver to take such additional steps to complete the transaction contemplated by the Capital Oil APA (the “**Capital Oil Transaction**”).
4. On August 24, 2016, this Honourable Court granted an Order (the “**Payment into Court Order**”) which, among other things, authorized Blake, Cassels & Graydon LLP, as escrow agent, to pay the deposit made by Capital Oil pursuant to the Capital Oil APA (the “**Capital Oil Deposit**”) into Court pending further order and direction from this Honourable Court, as Capital Oil was unable to complete the Capital Oil Transaction.

5. Also on August 24, 2016, this Honourable Court granted an Order (the “**Bonavista Approval and Vesting Order**”) which, among other things, authorized and approved the execution of the Bonavista APA (as defined below) and authorized and directed the Receiver to take such additional steps to complete the transaction contemplated by the Bonavista APA (the “**Bonavista Transaction**”).
6. On October 24, 2016, this Honourable Court granted an Order (the “**Sequoia Approval and Vesting Order**”) which, among other things, authorized and approved the execution of the Sequoia APA (as defined below) and authorized and directed the Receiver to take such additional steps to complete the transaction contemplated by the Sequoia APA (the “**Sequoia Transaction**”).
7. Upon closing the Sequoia Transaction and the Bonavista Transaction, all Waldron's oil and gas assets were sold.
8. The Receiver’s reports and other publically available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/waldron> (the “**Receiver’s Website**”).
9. The purpose of this report (the “**Fourth Report**”) is to provide this Honourable Court with an update on the following:
 - (a) the activities of the Receiver since the third report of the Receiver dated October 18, 2016 (the “**Third Report**”);
 - (b) the Receiver’s statement of receipts and disbursements from the Date of Appointment to August 14, 2017; and

- (c) a summary of the Receiver's fees and expenses (the "**Receiver's Fees**") and the Receiver's Counsel's (as defined below) fees and expenses (the "**Receiver's Counsel's Fees**").

10. The Receiver is requesting the following relief from this Honourable Court:

- (a) approval of the activities of the Receiver, including its receipts and disbursements since the Date of Appointment;
- (b) directions for the Clerk of the Court to pay the Capital Oil Deposit to the Receiver;
- (c) approval of the Receiver's Fees and the Receiver's Counsel's Fees;
- (d) authorization to make a distribution to the National Bank of Canada in the amount of the 153,182 (the "**Proposed Distribution**");
- (e) discharging the Receiver and terminating these Receivership Proceedings upon the completion of the Receiver's remaining administrative tasks; and
- (f) authorization for the Receiver to destroy Waldron's corporate books and records if not claimed by any of the current or former directors of the Company within 30 days of being discharged.

TERMS OF REFERENCE

11. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").

12. Except as described in this Fourth Report:
 - (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this Fourth Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
13. Future oriented financial information reported or relied on in preparing this Fourth Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
14. The Receiver has prepared this Fourth Report in connection with the Receiver's Application before the Justice sitting in Commercial Chambers on August 24, 2017. This Fourth Report should not be relied on for other purposes.
15. Any information and advice described in this Fourth Report has been provided to the Receiver by its counsel, Blake, Cassels & Graydon LLP (the "**Receiver's Counsel**"), in order to assist the Receiver in considering its course of action, and is not intended as legal or other advice to, and may not be relied upon by, any other person.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Receivership Order.

ACTIVITIES OF THE RECEIVER

Capital Oil Deposit

17. The Receiver entered into the Capital Oil APA on February 1, 2016. A copy of the Capital Oil APA was previously provided to this Honourable Court as Confidential Appendix I to the First Report.
18. On April 4, 2016, this Honourable Court granted the Sale Approval and Vesting Order which authorized and directed the Receiver to take such additional steps to complete the Capital Oil Transaction.
19. Following the granting of the Sale Approval and Vesting Order and numerous extensions provided by the Receiver, Capital Oil was unable to complete the Capital Oil Transaction. Further information pertaining to the circumstances surrounding the Capital Oil Deposit can be found in the Second Report of the Receiver dated August 16, 2016 at paragraphs 25 to 38 and the Supplement to the Second Report of the Receiver dated August 23, 2016 at paragraphs 8 to 9.
20. On August 8, 2016, the Receiver's Counsel provided correspondence to counsel to Capital Oil that the Receiver had not waived, amended or extended the requirements of section 3.4 or 5.1(b) and was not prepared to waive, extend or amend those requirements of the Capital Oil APA. The Receiver also explicitly advised that it would not proceed with the closing of the Capital Oil Transaction due to the breaches of the Capital Oil APA by Capital Oil. For greater certainty, the Receiver's Counsel also advised that the Capital Oil APA was terminated in accordance with section 14.1(b) thereof.
21. On August 24, 2016, this Honourable Court granted the Payment into Court Order.

22. The Receiver had not been contacted by Capital Oil since the August 24, 2016 Court Application. However, on July 17, 2017 the Receiver and the Receiver's Counsel received an e-mail correspondence from Amanoh and Company stating that it had been retained by Capital Oil. Amanoh and Company have been provided with notice of this application.

23. The failure of Capital Oil to complete the Capital Oil Transaction resulted in additional costs in the Receivership Proceedings including:
 - (a) costs associated with remarketing the Property;
 - (b) operating costs incurred from the termination of the Capital Oil APA and completing the Bonavista Transaction and Sequoia Transaction; and
 - (c) additional professional fees.

24. The Receiver requests that this Honourable Court direct the Clerk of the Court to release the Capital Oil Deposit that was paid into Court pursuant to the Payment into Court Order to the Receiver and declare that the Deposit was forfeit by Capital Oil in accordance with the Capital Oil APA, as Capital Oil was unable to complete the Capital Oil Transaction.

Bonavista Transaction

25. The Receiver and Bonavista Energy Corporation ("**Bonavista**") entered into an asset purchase agreement (the "**Bonavista APA**") dated August 15, 2016 and an escrow agreement (the "**Bonavista Escrow Agreement**"), whereby Bonavista purchased certain of Waldron's interests in its Ferrybank property (the "**Ferrybank Assets**"), subject to Court approval.

26. On August 24, 2016, this Honourable Court granted the Bonavista Sale Approval and Vesting Order and on August 29, 2016, in accordance with the Bonavista APA, Bonavista delivered the purchase price and the parties delivered the closing documents into escrow pursuant to the Bonavista Escrow Agreement.
27. On January 20, 2017, the Receiver's Counsel filed the Receiver's Certificate with this Honourable Court in accordance with the Bonavista Approval and Vesting Order which, among other things, confirmed that the Bonavista Transaction had been completed to the satisfaction of the Receiver.

Sequoia Transaction

28. The Receiver and Sequoia Resources Corporation ("**Sequoia**") entered into an asset purchase agreement (the "**Sequoia APA**") dated as of October 18, 2016, whereby Sequoia purchased Waldron's remaining petroleum and natural gas interests (the "**Remaining Assets**"), subject to Court approval.
29. On October 24, 2016, this Honourable Court granted the Sequoia Approval and Vesting Order and on November 4, 2016, in accordance with the Sequoia APA, the parties delivered the closing documents.
30. As more fully described in the Third Report at paragraph 33, the Sequoia APA contemplated that Sequoia would receive the Remaining Assets and the benefit of the AER Deposit (as defined in the Third Report) at no cost; however, Sequoia would assume certain environmental liabilities and certain post-receivership costs that remained outstanding. Accordingly, the net proceeds from the sale of the Remaining Assets resulted in nil recoveries to the Receiver after consideration of the liabilities being assumed by Sequoia.
31. For greater certainty, the Ferrybank Assets and the Remaining Assets comprised all of the Property and therefore there are no further assets to be realized upon or recovered in these proceedings.

Alberta Energy Audit

32. On October 6, 2015, the Alberta Department of Energy (“**Alberta Energy**”) delivered two notices (the “**Notices**”) to Waldron in respect of a review and audit of the Company’s custom fee claims and allowable cost submissions for the period from 2010 to 2014 (the “**Audit**”). Copies of the Notices are attached hereto as **Appendix “A”**.
33. The Receiver responded to the Notices in order to facilitate the Audit. However, after additional, more detailed information was requested by Alberta Energy to complete the Audit, the Receiver informed Alberta Energy it was unable to comply with the Audit requests due to the limited time and resources available to the Receiver given these Receivership Proceedings.
34. As a result, on April 5, 2016, Alberta Energy delivered a notice of determination (the “**Notice of Determination**”) advising that it had submitted amendments to the 2010 to 2014 custom processing costs that were claimed by the Company resulting in an adjustment of approximately \$728,000, plus interest, owing to Alberta Energy by Waldron (the “**Arrears**”).
35. Due to the Arrears, upon completion of the Bonavista Transaction, Alberta Energy initially refused to transfer Crown Lease No. 004040306126 (the “**Lease**”) to Bonavista. However, the Receiver’s Counsel delivered a letter (the “**AB DOE Letter**”) to Alberta Energy setting out its position with respect to the Lease. A copy of the AB DOE Letter is attached hereto as **Appendix “B”**.
36. Following the delivery of the AB DOE Letter, Alberta Energy transferred the Lease to Bonavista. However, the Receiver understands that Alberta Energy has since delivered a letter to Bonavista claiming the Lease was in arrears.

37. Following the Sequoia Approval and Vesting Order, Alberta Energy transferred the Crown Leases subject to the Sequoia APA to Sequoia without delay. However, Alberta Energy is now claiming that these Crown Leases are in default as a result of the Arrears and will be cancelled by Alberta Energy if the Arrears are not paid by Sequoia.
38. The Receiver has been asked to refrain from filing the Receiver's Certificate (the "**Sequoia Receiver's Certificate**") marking the closing of the Sequoia Transaction until the matter between Sequoia and Alberta Energy is resolved. The Receiver intends to file the Sequoia Receiver's Certificate however as soon as reasonably practicable following receipt of the Receiver's final discharge order.
39. Given that the Arrears relate to periods prior to the Date of Appointment, the Receiver has determined that any amounts owing as a result of the Audit, including the Arrears, comprise of unsecured claims against the estate of Waldron. The Receiver is not aware of any claim being made by Alberta Energy to the proceeds from the Bonavista Transaction or the Sequoia Transaction and Alberta Energy has been provided notice of this application.

CRA Deemed Trust Claim

40. On November 28, 2016, the Canada Revenue Agency (the "**CRA**") delivered a statement of examination adjustments resulting from a review of Waldron's goods and services tax return for the period of August 1, 2015 to August 17, 2015. The CRA reviewed Waldron's unsecured creditor listing and assessed GST at the rate of 5% against the total unsecured creditor listing.
41. On March 6, 2017, the Canada Revenue Agency delivered a notice (the "**CRA Notice**") to the Receiver asserting a trust claim under subsection 222(3) of the Excise Tax Act in the amount of \$202,612.50 (the "**Deemed Trust Claim**"). A copy of the CRA Notice is attached hereto as **Appendix "C"**.

42. On March 28, 2017, Norton Rose Fulbright Canada LLP, in its capacity as counsel to the National Bank of Canada, filed an application for a bankruptcy order (the “**Bankruptcy Order**”) under section 43 of the *Bankruptcy and Insolvency Act*.
43. On March 31, 2017, this Honourable Court granted the Bankruptcy Order. As a result of the Bankruptcy Order, the Deemed Trust Claim is an unsecured claim in these proceedings.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

44. The Receiver's statement of receipts and disbursements from the Date of Appointment to August 14, 2017, are summarized below:

Schedule of Receipts and Disbursements	
As of August 14, 2017	
Receipts	
Oil & Gas Revenue	4,839,997
Sales Proceeds	3,441,028
Receiver's Borrowings	750,000
GST Collected	209,793
Other Receipts	47,872
Total - Receipts	9,288,689
Disbursements	
Operating Expenses	3,832,680
Purchase Price Adjustment	964,988
Royalty and Lease Payments	959,464
Repayment of Receiver's Certificates	750,000
Other Professional Fees	650,039
Employee Costs	557,351
Receiver's Fees	493,313
Rent and Utilities	415,245
GST Paid	257,982
Legal Fees	196,537
Interest	53,589
Insurance	37,460
Trustee's Fees	20,000
Other Miscellaneous Expenses	8,426
Total - Disbursements	9,197,076
Net Cash on Hand	91,613

45. The amounts set out in the above statement of receipts and disbursements are as follows:
- (a) Oil and Gas Revenue – revenue collected by the Receiver in respect of the sale of petroleum and natural gas;

- (b) Sales Proceeds – proceeds from the disposition of Waldron’s Property;
- (c) Receiver's Borrowings – amounts borrowed by the Receiver in accordance with the Receiver’s Borrowing Charge as per Paragraph 20 of the Receivership Order that provided that the Receiver could borrowing amounts not exceed \$750,000. As security for the money borrowed by the Receiver the Receivership Order granted a charge (the “**Receiver’s Borrowings Charge**”), which forms a second priority charge on the Property “in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise”, subordinate only to the Receiver's Charge. Throughout the Receivership Proceedings, the Receiver borrowed the principal amount of \$750,000, which amounts were subsequently repaid on April 7, 2017;
- (d) GST Collected – amounts collected in relation to Oil and Gas Revenue and disposition of the Property;
- (e) Other Receipts – receipts from joint venture partners, GST refunds and other miscellaneous collections;
- (f) Operating Expenses – operating expenses relating to the Property;
- (g) Purchase Price Adjustment – settlement of the final statement of adjustment in connection with the Sequoia Transaction;
- (h) Royalty and Lease Payments – amounts disbursed in respect of Waldron’s petroleum and natural gas leases;
- (i) Repayment of Receiver’s Certificates – amounts repaid in connection with the Receiver’s Borrowing Charge;

- (j) Other Professional Fees – pre-receivership fees and disbursements relating to certain advisory and legal services pursuant to the Company’s credit agreement;
- (k) Employee Costs – amounts disbursed by the Receiver relating to Employee related obligations, benefits and consultants;
- (l) Receiver’s Fees – fees and expenses incurred by the Receiver in the course of the Receivership Proceedings;
- (m) Rent and Utilities – amounts disbursed relating to occupation rent and utilities;
- (n) GST Paid – amounts paid relating to disbursements subject to GST;
- (o) Legal Fees – fees and expenses incurred by the Receiver’s Counsel in the course of the Receivership Proceedings;
- (p) Interest – amounts disbursed in respect of interest on amounts borrowed under the Receiver Certificate, interest on the Company’s credit facility and other miscellaneous bank charges;
- (q) Insurance – amounts disbursed in connection with the Company’s corporate insurance policy; and
- (r) Other Miscellaneous Expenses – amounts disbursed including filing fees paid to the Official Receiver, off-site storage and other miscellaneous expenses.

46. As at August 14, 2017, the Receiver holds approximately \$91,613 in cash on hand.

PROPOSED DISTRIBUTION

47. As outlined in the statement of receipts and disbursements, cash on hand is approximately \$91,613. A summary of the proposed sources and uses of the cash on hand is outlined in the table below.

Proposed Distribution (CAD)	
Cash Available for Distribution	
Net Cash on Hand	91,613
Capital Oil Deposit	110,000
Total - Cash Available for Distribution	201,613
Proposed Holdbacks	
Operating Expense	7,000
Professional Fees	37,500
Total - Proposed Holdbacks	44,500
Proposed Distribution	157,113

48. The table above summarizes the cash on hand, the amount of the Capital Oil Deposit (depending upon further direction from this Honourable Court), the proposed holdback for the Receiver to complete the remaining administrative matters and the Proposed Distribution.
49. As outlined in the statement of receipts and disbursements above, the proceeds from the realization of the Property in these proceedings was sufficient to repay the Receiver's Charge and the Receiver's Borrowings Charge and there is anticipated to be approximately \$157,113 in net proceeds available to be distributed (assuming recovery of the Capital Oil Deposit).
50. National Bank of Canada's ("National Bank") security (the "Secured Debt") has been reviewed by the Receiver's Counsel who has advised that the security creates a valid security interest in favour of the National Bank in the right, title and interest of Waldron in its real and personal property.

51. As set out in the Receiver's First Report to court, several liens were registered against Waldron's lands (the "**Liens**"), however upon review of the Liens, the Receiver has determined that all the Liens were registered subsequent in time to the fixed charge registrations of the National Bank, and therefore the Receiver has determined that the Liens therefore are subordinate to the Secured Debt.
52. As discussed above, the Receiver has concluded that the Deemed Trust claim for GST is also subordinate to the Secured Debt due to the Bankruptcy Filing.
53. The Receiver notes that there is \$3,931 in non-linear property taxes ("**Outstanding Property Taxes**") relating to the assets included in the Bonavista Transaction. The Outstanding Property Taxes are owed to the County of Ponoka. The Receiver intends to pay the Outstanding Property Taxes as part of the Proposed Distribution.
54. After review by the Receiver, it has been determined that there are no other creditors that rank in priority to the secured claim of the National Bank of Canada, accordingly the remaining funds after the payment of the Outstanding Property Taxes of \$153,182 (\$157,113 less \$3,931 in Outstanding Property Taxes) would be distributed to the National Bank.

PROFESSIONAL FEES

55. Invoices rendered by the Receiver from the Date of Appointment to July 31, 2017 total \$493,313, exclusive of GST (the "**Receiver's Fees**"). The invoices can be made available upon request of this Honourable Court.
56. The Receiver will holdback \$37,500 in connection with the following:
 - (a) work completed throughout August 2017;

- (b) additional time attending to the final administrative matters of these receivership proceedings including the administration of the bankruptcy; and
 - (c) Outstanding and remaining fees of the Receiver's Counsel.
57. Invoices rendered by the Receiver's Counsel from the Date of Appointment to July 31, 2017 total \$196,537, exclusive of GST (the "**Receiver's Counsel's Fees**"). The invoices can be made available upon request of this Honourable Court.
58. The Receiver is of the opinion that the Receiver's Fees and the Receiver's Counsel's Fees are reasonable and appropriate in the circumstances.

CORPORATE BOOKS AND RECORDS

59. The Company's corporate books and records are currently located at an offsite storage facility. The Receiver is seeking the approval of this Honourable Court to destroy the remaining books and records, except those required by statute, unless they are claimed by any of the current or former directors of the Company within 30 days of the Receiver providing written notification of the same.
60. The Receiver will use the addresses listed on an Alberta Corporate Registry search as the addresses for which to notify these directors and former directors.

TERMINATION OF RECEIVERSHIP PROCEEDINGS

61. As described in this Fourth Report, the Receivership Proceedings are substantially complete, with exception of some matters which are administrative in nature. In order to avoid the additional costs associated with subsequent Court appearances, and with the support of the National Bank of Canada, the Company's senior secured creditor in these proceedings, the Receiver is seeking an Order terminating the Receivership Proceedings and discharging the Receiver of its duties and obligations under the Receivership Order.

CONCLUSION AND RECCOMENDATIONS

62. As outlined above, subject to completing the remaining administrative matters of the estate, these Receivership Proceedings will be substantially complete.

63. The Receiver respectfully requests that this Honourable Court grant the following relief:

- (a) approval of the activities of the Receiver, including its receipts and disbursements from the Date of Appointment;
- (b) payment of the Capital Oil Deposit to the Receiver and the dismissal of any claim to the Capital Oil Deposit by Capital Oil;
- (c) authorization for the Receiver to make the Proposed Distribution of \$3,931 to the County of Ponoka and \$153,182 to the National Bank;
- (d) approval of the Receiver's Fees and the Receiver's Counsel's Fees;
- (e) the discharge of the Receiver and termination the Receivership Proceedings upon the completion of the Receiver's remaining administrative tasks relating to the receivership; and

- (f) authorization for the Receiver to destroy Waldron's corporate books and records if not claimed by any of the former directors of the Company within 30 days of service of the Court Order discharging the Receiver and terminating the Receivership Proceedings.

All of which is respectfully submitted this 15th day of August, 2017.

FTI Consulting Canada Inc. in its capacity as
Receiver of the assets, undertakings and properties of
Waldron Energy Corporation



Name: Deryck Helkaa
Title: Senior Managing Director,
FTI Consulting Canada Inc.

Tab A



ENERGY

Resource Revenue And Operations
Compliance & Assurance

300, 801 - 6th Avenue SW
Calgary, Alberta T2P 3W2

Telephone 403/297-8785
Fax 403/297-5199

File No. 4382 (A1LB)

October 06, 2015

Waldron Energy Corporation
Suite 600, 510 5th Street SW
Calgary, Alberta T2P 3S2

Attention: Donna Trottier

**Re: 2010 - 2014 CUSTOM PROCESSING CLAIMS, AC-5 FORMS
Waldron Energy Corporation (A1LB)**

The Compliance and Assurance Branch has commenced an audit of custom fee claims pursuant to Section 47 of the Mines and Minerals Act. This Section authorizes the Minister of Energy or his representative to review any submission and supporting information related to the claims(s).

Our review will include an examination of the AC-5 custom fees filed for 2010 – 2014. Attached is a list of specific facilities that we have selected for review and the information that we require. Please provide the information for the attached request by October 14, 2015. If you are able to supply the information prior to that date it would be greatly appreciated.

Your cooperation is appreciated and if you require additional information or wish to discuss these issues further, I can be reached by e-mail at Jeff.Yeung@gov.ab.ca.

For further information regarding the Acts and Regulations that govern gas royalties, please visit the department's website at www.energy.gov.ab.ca/.

Jeff Yeung
Auditor
Compliance and Assurance Branch



ENERGY

Resource Revenue and Operations
Compliance and Assurance

Sulte 300
AMEC Place
801 - 6 Avenue SW
Calgary, Alberta T2P 3W2

Telephone 403-297-8774
Fax 403-297-5199

File No. 4380 (A1LB)

October 6, 2015

Waldron Energy Corporation
600, 510 – 5th Street SW
Calgary, AB T2P 3S2

Attention: Donna Trottier

RE: Allowable Cost Audit 4380 (A1LB)

We are reviewing the Capital Adjustments and Operating Costs claimed on your Allowable Cost submissions. Our preliminary audit selection includes a sample of Capital Adjustments for a Facility Cost Centres (FCCs) operated by **Waldron Energy Corporation**. Should our preliminary review indicate additional audit concerns we may expand our sample to include other FCCs as required.

The following FCCs have been selected for review:

Capital Adjustments

Year	FCC ID	Name	Amount
2010	10107772	Strachan 15-10-036-09w5 tie in	949,098 ✓
2011	10120310	STRACHAN 14-29 INLET SEPARATOR AND DEHY	1,278,286 ✓
2011	10114777	Strachan 07-29-037-08w5	1,092,918
2012	10059663	WESTEROSE 1-32-44-3W5 COMPRESSOR	558,367

Operating Costs

Year	FCC ID	Name	Amount
2010	10046165	STRACHAN 6-30-37-8W500&02 TIE IN	152,209 ✓
2011	10043474	STRACHAN 14-29-37-8W5 TIE IN	263,575 ?
2011	10047018	STRACHAN 16-30-37-8W5 EQUIP	92,330 ?
2012	10065855	WESTEROSE 1-32-44-3W5 EQUIP	120,341 ..
2012	10120310	STRACHAN 14-29 INLET SEPARATOR AND DEHY	77,616 ?

Tab B



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
855 - 2nd Street S.W.
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Tel: 403-260-9600 Fax: 403-260-9700

November 8, 2016

James Reid
Dir: (403) 260-9731
james.reid@blakes.com

VIA E-MAIL

Deborah.boelstler@gov.ab.ca

File: 79294/9

Alberta Department of Energy
Royalty Accounting
7th Floor, North Petroleum Plaza
Edmonton, Alberta

Attention: Deborah J. Boelstler

RE: Receivership of Waldron Energy Corporation
Re. Account G94153651 and Crown Lease No. 004040306126

Dear Madam,

We are counsel for FTI Consulting Canada Inc. (the "**Receiver**"), the court-appointed receiver and manager of Waldron Energy Corporation ("**Waldron**"). We are writing in response to the refusal of the Alberta Department of Energy (the "**AB DOE**") to transfer Crown Lease No. 004040306126 (the "**Lease**") from Waldron to Bonavista Energy Corporation (the "**Purchaser**").

On August 17, 2015, Waldron became subject to receivership proceedings by virtue of the consent receivership order of the Honourable Mr. Justice K.D. Yamauchi of the Alberta Court of Queen's Bench (the "**Court**"). On August 24, 2016, the Honourable Mr. Justice R.A. Graesser granted an Approval and Vesting Order (the "**Approval and Vesting Order**"), which, among other things, approved a sale transaction between the Receiver and the Purchaser and ordered the vesting of all of Waldron's right, title and interest in and to the Purchased Assets (as defined in the Approval and Vesting Order), which included the Lease, absolutely in the name of the Purchaser.

Pursuant to paragraph 3 of the Approval and Vesting Order, a copy of which is enclosed for your reference, the Court has authorized and directed the Receiver to take such steps as may be necessary for the conveyance of the Purchased Assets, including the Lease, to the Purchaser. Pursuant to paragraph 22 of the Approval and Vesting Order, 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. Further, pursuant to paragraph 23 of the Approval and Vesting Order, the Court has requested 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 the Approval and Vesting Order and to assist the Receiver and its agents in carrying out the terms of the Approval and Vesting Order.

31273145.1

It is the Receiver's view that the AB DOE is required, pursuant to the Approval and Vesting Order, to transfer the Lease from Waldron to the Purchaser. Should the AB DOE not transfer the Lease to the Purchaser as requested, we are of the view that the AB DOE is acting against the Approval and Vesting Order and the clear instructions of the Court.

We respectfully request the AB DOE's cooperation in transferring the Lease over to the Purchaser. Should the AB DOE choose not to accommodate this request, please advise us immediately so we can apply to the Court for advice and direction in respect of this matter.

Your attention to this matter is appreciated and we look forward to hearing from you.

Sincerely,

James Reid

Enclosures
c. Client

Tab C



Canada Revenue Agency / Agence du revenu du Canada

Tax Centre
Calgary AB T2G 0L1

March 06, 2017

FTI CONSULTING CANADA
720 - 440 2 AVE SW
CALGARY AB T2P 5E9

Account Number
85790 2100 RT0001

Dear Sir or Madam:

Re: WALDRON ENERGY CORPORATION

We understand that you have been appointed (Receiver or Receiver and Manager) for the above GST/HST registrant. Currently, the registrant owes us goods and services tax / harmonized sales tax (GST/HST) of \$218,125.08.

Table with 4 columns: Period outstanding, GST/HST payable, Penalty & Interest, Total payable. Rows include dates 2015-08-17, 2015-05-31, and a Total row.

Under subsection 222(3) of the "Excise Tax Act," \$202,612.50 which is included in the above totals, is held in trust and forms no part of the property, business, or estate of WALDRON ENERGY CORPORATION in receivership.

The Receiver General should be paid the total amount of this trust, namely \$202,612.50, out of the realization of any property subject to these statutory trusts. This should take priority over all other creditors.

Please indicate when you can pay the remaining balance of \$15,512.58, plus penalty and interest accrued to the date of

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payment. We draw your attention to sections 266 and 270 of the "Excise Tax Act."

This letter will also serve to notify you that as a (Receiver or Receiver and Manager) you are required to collect and remit GST/HST according to paragraph 266(2)(d) and to file any applicable returns as provided in paragraphs 266(2)(f) and (g) of the "Excise Tax Act."

If you have any questions, please contact N. Virani (1224) of the Revenue Collection Division at one of the telephone numbers provided in this letter.

Yours truly,



N. Virani (1224)
Collections Officer