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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 **SUPPLEMENT TO THE FOURTH REPORT  
OF FTI CONSULTING CANADA INC., IN ITS  
CAPACITY AS COURT APPOINTED  
RECEIVER AND MANAGER OF WALDRON  
ENERGY CORPORATION**

**August 22, 2017**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
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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. On August 15, 2017, the Receiver filed its Fourth Report (the “**Fourth Report**”) that provided, among other things:
  - (a) the activities of the Receiver since the third report of the Receiver;
  - (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 fees and expenses (the “**Receiver’s Counsel’s Fees**”).
3. This is the Receiver’s supplement to the Fourth Report (the “**Supplement Report**”). Capitalized terms not defined in this Supplement Report are as defined in the Fourth Report or the Receivership Order.
4. The purpose of the Supplement Report is to provide this Honourable Court with an update regarding the Proposed Distribution set out in the Fourth Report.

## THE PROPOSED DISTRIBUTION

5. In connection with the materials filed by the Receiver’s counsel in conjunction with its Fourth Report, the Receiver requested this Honourable Court approve a distribution totaling \$157,113,<sup>1</sup> comprising a distribution of \$153,182 to National Bank of Canada and \$3,931 to the County of Ponoka.
6. The distribution to the County of Ponoka comprised the amount of non-linear property taxes outstanding with regard to the properties relating to the Bonavista Transaction. The total amount of property taxes owing to the County of Ponoka relating to the lands included in the Bonavista Transaction totaled \$29,0971, which includes both non-linear amounts, linear amounts and interest, as summarized in the table below:

Bonavista Transaction				
County of Ponoka Property Taxes	2015	2016	Interest	Total
Non-linear	2,045.90	1,713.73	171.37	3,931.00
Linear	13,295.46	10,791.77	1,079.18	25,166.41
Total	15,341.36	12,505.50	1,250.55	29,097.41

7. Pursuant to a recent decision of this Honourable Court (the “**Decision**”), it was found that only non-linear property taxes outstanding were considered to be a secured claim with priority over secured creditors. Accordingly, in accordance with the Decision, the Receiver had determined that only \$3,931 was to be distributed to the County of Ponoka and the remaining amount of proceeds for distribution (\$153,182) were to be distributed to National Bank of Canada as the first secured creditor.
8. The Receiver is not aware of any other potential priority creditors to the Proposed Distribution funds, other than the property taxes owing to the County of Ponoka relating to the properties subject to the Bonavista Transaction.

<sup>1</sup> Proposed distribution of \$157,113 assumes the Court approves that that Capital Oil Deposit is paid to the Receiver.

9. Subsequent to the filing and service of the Fourth Report, the Receiver's counsel was contacted by counsel to the County of Ponoka who advised that they disagreed with the Decision, and that in their view, the entire \$29,097.41 of outstanding property taxes, including both linear and non-linear property taxes, are in priority to the secured debt owing to National Bank of Canada.
  
10. The Receiver understands that the Decision is being appealed with regard to the status and priority of linear property taxes. Accordingly, the Receiver proposes to hold back the full amount of property taxes owing to the County of Ponoka until a determination as to the status and priority of the linear tax claims of Ponoka County is determined.
  
11. The Receiver therefore recommends making a distribution to National Bank of Canada in the amount of \$128,015.59 and holding back a further \$29,097.41 in relation to the property taxes owing to the County of Ponoka. Payment of the holdback amount to the County of Ponoka will be made once the status and priority of the linear tax claims of Ponoka County is determined or is otherwise settled between the Receiver and the County of Ponoka.

Proposed Distribution	Original	Revised
National Bank of Canada	153,182	128,015.59
County of Ponoka **	3,931	29,097.41
Total	157,113	157,113.00

Note \*\* - revised distribution contemplates a holdback of \$29,097 pending settlement of the priority issue with linear taxes

All of which is respectfully submitted this 22<sup>nd</sup> day of August, 2017.

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



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