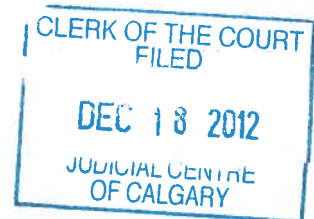


COURT FILE NUMBER 120116124
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF(S) NATIONAL BANK OF CANADA
DEFENDANT(S) SOLARA EXPLORATION LTD.
DOCUMENT **AFFIDAVIT of Elizabeth Pineda
sworn December 18th, 2012**

Clerk's Stamp



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Norton Rose Canada LLP
3700 Devon Tower
400 Third Avenue SW
Calgary, Alberta T2P 4H2
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Attention: Howard A. Gorman
File No. 01124572-0578

I, Elizabeth Pineda, of the City of Calgary, in the Province of Alberta, swear and say that:

INTRODUCTION

1. I am a Manager in the Special Loans Department at the National Bank of Canada (the "Bank") and as such have personal knowledge of the facts and matters hereinafter deposed to except where stated to be based on information and belief and where so stated I do verily believe the same to be true.
2. I have been directly involved with the Solara Exploration Ltd. ("Solara") account since approximately July 2012 and have also had the opportunity to review the business records of the Bank relevant to the Solara account and the within proceedings and Application and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit on behalf of the Bank.

BUSINESS OF SOLARA

3. Solara is a corporation registered to carry on business in the Province of Alberta with its head office in the City of Calgary, in the Province of Alberta.
4. The common shares of Solara trade on the TSX Venture Exchange.

LOAN INDEBTEDNESS

5. The Bank, as Lender, provided various secured loans to Solara as Borrower. The Loan Agreements, including amendments, include the following:

- (a) Offer of Financing dated June 6, 2011 as amended July 14, 2011, October 21, 2011, December 2, 2011 and February 15, 2012 (collectively referred to as the "Offer of Financing") and collectively attached hereto and marked as **Exhibit "A"** to this my Affidavit;
- (b) Loan Amending Agreement dated August 3, 2012, a true copy of which is attached and marked as **Exhibit "B"** to this my Affidavit; and
- (c) Second Amended and Restated Loan Amending Agreement dated September 21, 2012, a true copy of which is attached and marked as **Exhibit "C"** to this my Affidavit.

(Exhibits B and C will collectively be referred to as the "Loan Amending and Extension Agreements").

(Exhibits A, B and C will collectively be referred to as the "Loan Agreements").

- 6. In accordance with the terms of the Loan Agreements, the Bank advanced various loans to Solara. As at December 4, 2012 and continuing to this date, the total indebtedness is in excess of \$15,500,000.00.
- 7. It is an express term of the Loan Agreements that the total indebtedness owing by Solara was repayable on either demand by the Bank or upon an event of default by Solara.
- 8. It was an express term of the Loan Agreements and the Loan Amending and Extension Agreements that the total indebtedness owing to the Bank would mature and be repayable, in full, on or before November 30, 2012.

GRANTING OF SECURITY

- 9. As security for the amounts advanced pursuant to the Loan Agreements, Solara granted various security to the Bank, which security includes:
 - (a) Demand Debenture dated July 22, 2005, a true copy of which is attached hereto and marked as **Exhibit "D"** to this my Affidavit;
 - (b) First Supplemental Debenture dated September 24, 2010, a true copy of which is attached and marked as **Exhibit "E"** to this my Affidavit;
 - (c) Second Supplemental Debenture dated July 19, 2012, a true copy of which is attached and marked as **Exhibit "F"** to this my Affidavit;
 - (d) Pledge dated July 22, 2005, a true copy of which is attached and marked as **Exhibit "G"** to this my Affidavit;
 - (e) Negative Pledge and Undertaking dated July 22, 2005, a true copy of which is attached and marked as **Exhibit "H"** to this my Affidavit; and
 - (f) General Assignment of Book Debts dated July 22, 2005, a true copy of which is attached and marked as **Exhibit "I"** to this my Affidavit

(collectively the "Security").

10. Attached hereto and marked as **Exhibit "J"** to this my Affidavit is a true copy of an Alberta Personal Property Registry search for Solara dated December 11, 2012.

LOAN AMENDING AND EXTENSION AGREEMENTS

11. At the request of Solara, the Bank provided various extensions to Solara to allow it an opportunity to attempt to refinance or restructure its indebtedness as set out under the terms of the Loan Amending and Extension Agreements (Exhibits "B" and "C" herein).
12. Solara is in default of its covenants and commitments under the Loan Amending and Extension Agreements including under the following:
 - (a) Solara has failed to repay the indebtedness to the Bank, in full, by November 30, 2012;
 - (b) although Solara had entered into an Amalgamation Agreement with a third party, Verity Energy Ltd. ("Verity"), that Amalgamation Agreement has since been terminated by Verity;
 - (c) Solara is in breach of its working capital covenants;
 - (d) Solara has allowed liens and other claims to be filed against its assets;
 - (e) Solara has failed to provide written confirmation with respect to required committed equity financial injections of a minimum of \$10 million on any terms, or any terms satisfactory to the Bank and the syndicate of agents attempting to arrange the required equity injection have now withdrawn their Term Sheet in that regard; and
 - (f) Solara has not provided written support from at least 80% of its trade or unsecured creditors to its creditor repayment proposal initiative.
13. In this regard, attached hereto and marked as **Exhibit "K"** to this my Affidavit is a copy of a news release issued by Solara on December 7, 2012.

DEMAND AND NOTICE

14. In contravention of the terms of the Loan Agreements, Solara failed to repay the total indebtedness owing to the Bank and has committed further Events of Default as outlined herein.
15. By terms of the Loan Agreements and Security, the Events of Default by Solara entitles the Bank to exercise various remedies, one of which is to apply to this Court for the appointment of a Receiver and Manager.
16. On December 4, 2012, the Bank, through its solicitors, issued a Demand and a Notice pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act* and Notice of Intention to Enforce Security, true copies of which are attached hereto and marked as **Exhibit "L"** to this my Affidavit.
17. Notwithstanding the Demand, Solara has failed to repay the total indebtedness owing or remedy the other outstanding Events of Default.

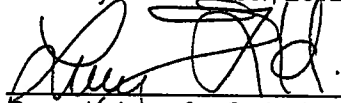
FTI CONSULTING CANADA INC.

- 18. In all of the circumstances, I do verily believe that the appointment of a Receiver and Manager or, alternatively, a Receiver of the undertakings, property and assets of Solara, is necessary to protect the interests of the Bank and to preserve and realize upon the Security.
- 19. It is further my belief that the Security of the Bank in respect of Solara is at risk including as a result of potential actions to be taken by other creditors and the potential resignation of Solara management in light of the current Solara financial predicament and that such Security may be further eroded unless a Receiver and Manager or, in the alternative, a Receiver, is appointed over the property, assets and undertakings of Solara.
- 20. I do verily believe that FTI is prepared to act and has consented to be appointed as Receiver and Manager or, alternatively, as Receiver of Solara. Attached hereto and marked as **Exhibit "M"** to this my Affidavit is a true copy of the Consent to Act as Receiver executed by FTI.


CONCLUSION

- 21. I am authorized to swear this Affidavit on behalf of the Bank.
- 22. I make this Affidavit for no improper purpose.
- 23. I make this Affidavit in support of an Application to this Court to appoint FTI as Receiver and Manager over the undertakings, property and assets of Solara and for such other and related relief as may be sought.

SWORN BEFORE ME at Calgary, Alberta, this)
18th day of December, 2012.)



Commissioner for Oaths in and for the)
Province of Alberta)



ELIZABETH PINEDA

Lucy L'Hirondelle
Student-at-Law