



Clerk's stamp:

COURT FILE NUMBER

1301-14151

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

**IN THE MATTER OF THE COMPANIES
CREDITORS ARRANGEMENT ACT
IN THE MATTER OF THE BUSINESS
CORPORATIONS ACT**

**IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF ALSTON ENERGY INC.**

DOCUMENT

APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

**Peter Jull, Q.C and Karen Fellowes
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File No. 80034-00010

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: Thursday, May 8, 2014
Time: 3:00 pm
Where: Court of Queen's Bench of Alberta,
601 - 5th Street SW, Calgary, AB

Before: Justice K. Horner in Chambers, Commercial List

Go to the end of this document to see what you can do and when you must do it.

Remedy Sought:

1. An Order abridging the time for service of this application as may be required.
2. An Order deeming service of this application to be good and sufficient.
3. An order pursuant to section 11.02(2) of the *Companies Creditors Arrangement Act* ("CCAA") to lift and vary the stay of proceedings in effect pursuant to the Order of Madam Justice B.E.C. Romaine, as amended and extended, so as to permit the filing of the attached statement of claim and this application, and if necessary, the issuance of a demand and notice under section 244 of the *Bankruptcy and Insolvency Act* ("BIA").
4. An order waiving the requirement to deliver a notice under section 244 of the *BIA*, or in the alternative, an order for an Interim Receiver of all of the undertakings, property or assets of the Respondent during the 10 day notice period;
5. An Order appointing Alvarez and Marsal Canada Inc. ("**Alvarez**") as Receiver over all of the undertakings, property and assets of the Respondent, on the terms and conditions contained in the Draft Order attached as Schedule A; and
6. Such other relief as this Honourable Court deems just.

Grounds for making this application

7. The Respondent is the recipient of a loan from the Applicant. Under the terms of the loan agreement (the "**Agreement**") in the event of a default, all amounts owing under the Agreement become immediately due and payable to the Applicant.
8. At the time of the execution of the Agreement, the parties also entered into a General Security Agreement ("**GSA**"). Under the terms of the GSA, the Applicant has the power, in the case of an event of default, to appoint a Receiver of Collateral.
9. ATB has a first ranking security position with respect to the assets of Alston, and is by far the largest secured creditor of the Respondent.
10. On December 10, 2013, the Respondent applied for and received creditor protection under the *CCAA*. This constituted an event of default under the Agreement.

11. Alston has applied for and received two extensions of the stay of proceedings, the most recent of which was granted by Justice MacLeod on March 4, 2014. The latest stay expires on May 9, 2014.
12. Alston is seeking another 90 day extension of the stay in order to re-institute a marketing and sales process for its assets. The Applicant is the priority secured creditor, and is owed in excess of \$7.6 million and no longer supports Alston's restructuring efforts under the CCAA. The Applicant believes that Alston does not have the ability to successfully attract and close a sales transaction which would realize maximum value for the stakeholders.
13. It is just and equitable to appoint a Receiver over the assets and undertakings of Alston, so that a sales process can be conducted outside of CCAA proceedings, through a Receivership.

Evidence to be used in support of this application

14. The pleadings and subsequent filings in this proceeding;
15. The Affidavit of James Humbke; and
16. Such further materials as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations

17. *Judicature Act*, RSA 2000;
18. *Personal Property Security Act*, RSA 200, s. 65(7)
19. *Bankruptcy and Insolvency Act*, RSC 1985 c B-3 s 243(1) and 244;
20. *Companies Creditors Arrangement Act*, RSC 1985, c.C-36, section 11.02;
21. Rules 1.3(1) and 13.5 of the *Alberta Rules of Court*.

Any irregularity complained of or objection relied on

22. None.

How the application is proposed to be heard or considered

23. In person.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to rely on an Affidavit or other evidence when the originating application is heard or considered, you must reply by giving reasonable notice of that material to the applicant(s).

-Schedule A

Clerk's stamp:

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

ALBERTA TREASURY BRANCHES

RESPONDENT

ALSTON ENERGY INC.

DOCUMENT

RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

**Peter Jull, Q.C. and Karen Fellowes
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Phone: 403.698.8787
Fax: 403.697.6609
File No. 80034-00010

DATE ON WHICH ORDER WAS
PRONOUNCED

LOCATION WHERE ORDER WAS
PRONOUNCED

NAME OF JUSTICE WHO MADE THIS ORDER

UPON the application of Alberta Treasury Branches ("ATB") AND UPON having read the Application and the Affidavit of James Humbke, filed; and the Affidavit of service of Ellie Christie, filed, AND UPON reading the consent of Alvarez and Marsal Canada Inc. to act as Receiver ("**Receiver**") of the Debtor; AND UPON hearing counsel for the Respondent and other interested parties ;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this Application and the supporting materials is deemed to be good and sufficient, and the time for service is abridged to the time actually given.

APPOINTMENT

2. Pursuant to sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, Alvarez and Marsal Canada Inc. is hereby appointed Receiver and Manager, without security, (the "**Receiver**") of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, (the "**Property**").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever

basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign any part or parts of the Property out of the ordinary course of business:

- (i) without the approval of this Court in respect of any transaction not exceeding \$_____, provided that the aggregate consideration for all such transactions does not exceed \$_____ ;and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
 - (iii) and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.
-
- (m) to apply for any vesting order or other orders necessary to convey such Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
 - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
 - (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
 - (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
 - (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
 - (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
 - (s) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the

prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or

held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 11.1(1) of the Companies' Creditors Arrangement Act) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for

any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply

with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order:

- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - (A) complies with the order, or
 - (B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by:
 - (A) the Court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - (B) the Court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

RECEIVER'S ACCOUNTS

16. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "**Receiver's Charge**").

17. The Receiver and its legal counsel shall pass their accounts from time to time.

18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, including access to the Debtor's existing credit facilities with Alberta Treasury Branches, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$_____ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. 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 and 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.

27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

28. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiffs security or, if not so provided by the

Plaintiffs security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine

29. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

SCHEDULE "A"

RECEIVER CERTIFICATE
CERTIFICATE NO.
AMOUNT

1. THIS IS TO CERTIFY that _____, the Receiver ("**Receiver**") of all of the assets, undertakings and properties of Alston Energy Inc. appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the ____ day of _____, 2014 (the "**Order**") made in action number _____ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the day of each month] after the date hereof at a notional rate per annum equal to the rate of per cent above the prime commercial lending rate of Bank of from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Calgary, Alberta.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2014.

_____, solely in its
capacity as Receiver of the Property (as defined in
the Order), and not in its personal capacity

Per: _____

Name: _____

Title: _____

Scenario B

Clerk's stamp:

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH

JUDICIAL CENTRE

CALGARY

PLAINTIFF

ALBERTA TREASURY BRANCHES

DEFENDANT

ALSTON ENERGY INC.

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Peter Jull, Q.C.
Davis LLP
Barristers and Solicitors
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Calgary, Alberta T2P 0C1
Phone: 403-776-8811
Fax: 403-776-8855
File No.: 80034-00010

NOTICE TO DEFENDANT(S)

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. The Plaintiff Alberta Treasury Branches ("ATB") is a body corporate registered to carry on business in the Province of Alberta.
2. The Defendant Alston Energy Inc. ("Alston") is a corporation continued under the laws of Alberta, having its registered head office in Calgary, Alberta.

The Loan Agreement

3. By a loan agreement dated July 13, 2012 between Alston and ATB (the "**Loan Agreement**"), ATB provided to Alston a revolving operating loan of up to \$9 million and a revolving acquisition loan of

up to \$2,500,000. Each facility is payable on demand. No advances were made under the acquisition loan.

4. Under the terms of the Loan Agreement, ATB also provided to Alston a corporate Mastercard.
5. The Defendants are indebted and liable to pay to the Plaintiff the sum of the following amounts (the "**Debt**"):
 - (a) \$7,550,000, with further interest accruing thereon from April 30, 2014, at the rate of the Plaintiff's Prime Rate plus 1 % per annum, and presently accruing at the rate of \$839.15 per diem; plus,
 - (b) \$58,577.54, plus interest of \$440.54, with further interest accruing thereon from April 30, 2014, at the rate of the Plaintiff's Prime Rate plus 1% per annum, and presently accruing at the rate of \$6.42 per diem; plus,
 - (c) \$7,008.63 plus interest of \$0.16 with further interest accruing thereon from April 30, 2014 at the rate of the Plaintiff's Prime Rate plus 2%, and presently accruing at the rate of \$0.12 per diem

ATB Security

6. In order to secure the loan advanced under the Loan Agreement, Alston granted to ATB a General Security Agreement ("**GSA**") dated July 17, 2012. The GSA grants to ATB a security interest in all present and future acquired property of Alston. The GSA further provides that all expenses connected with the enforcement of the Loan Agreement and GSA shall be paid by Alston.
7. Under the terms of the Loan Agreement and the GSA, the filing of an application for creditor protection under the *Companies Creditors Arrangement Act* ("**CCAA**") constitutes an event of default. Alston applied for creditor protection under the CCAA in December 2013. Alston is in default to ATB under the terms of the Loan Agreement and the GSA.

Remedy sought:

8. Judgment against Alston in the amount of **\$7,616,026.71** plus contractual interest accruing from April 30, 2014;
9. A declaration that Alston is in default of the payment of its indebtedness under the Loan Agreement and the GSA.
10. A declaration that the GSA has become enforceable and that such security constitutes valid and enforceable security in accordance with the terms thereof.
11. An order appointing a Receiver and Manager of all of the property, assets and undertakings of Alston.
12. Costs of enforcement of the Loan Agreement, the GSA and these proceedings on a solicitor-and-client basis; and
13. Such further and other relief as the Court may determine.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.