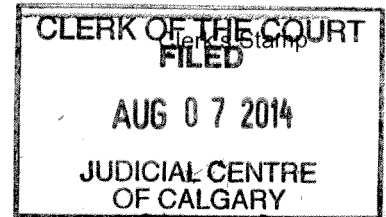


COURT FILE NUMBER 1401-05127
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT: ALBERTA TREASURY BRANCHES
RESPONDENT: ALSTON ENERGY INC.
DOCUMENT SALE APPROVAL AND VESTING ORDER (Midland Resources Inc.)



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Sean F. Collins/Walker W. MacLeod
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DATE ON WHICH ORDER WAS PRONOUNCED: August 6, 2014
NAME OF JUDGE WHO MADE THIS ORDER: Justice K.M. Horner
LOCATION OF HEARING: Calgary, Alberta

UPON the application (the "**Application**") of Alvarez and Marsal Canada Inc., in its capacity as court appointed receiver and manager ("**Receiver**") of the assets, properties and undertakings (the "**Property**") of Alston Energy Inc. (the "**Debtor**") pursuant to an order issued in the within proceedings on May 9, 2014 (the "**Receivership Order**"); **AND UPON** having read the Application and the First Report of the Receiver, dated August 1, 2014 (the "**Receiver's Report**"); **AND UPON** having read confidential exhibits "**G**", "**H**", "**I**", "**J**" and "**K**" to the Receiver's Report (the "**Confidential Supplement**"); **AND UPON** having read the Affidavit of Service of Leanne Cramer, sworn August 5, 2014 (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and any other counsel present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

DEFINED TERMS

1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the form of agreement of purchase and sale between the Debtor, as Vendor, and Midland Resources Inc., or its nominee, as Purchaser (the "**APA**").

APPROVAL OF THE APA AND THE TRANSACTIONS

2. The Receiver, for and on behalf of the Vendor, is authorized and directed, *nunc pro tunc*, to execute and deliver the APA to the Purchaser, *KA* conclude the transactions contemplated by the APA (the "**Transactions**") and to take all such steps and execute all such deeds, documents and instruments as may reasonably be necessary to consummate the Transactions contemplated herein substantially in accordance with its terms. Following execution and delivery of the APA the Parties may agree to any amendments to the APA which do not materially and adversely alter the Transactions or the APA.

3. The Transactions are hereby approved and ratified and it is hereby declared that the Transactions are commercially reasonable.

VESTING OF PROPERTY

4. Upon the closing of the Transactions in accordance with the terms, conditions and covenants contained in the APA and the payment of the Purchase Price due and owing by the Purchaser to the Vendor pursuant to the APA:

- (a) subject to paragraphs 5 and 6 below, the Assets shall be vested in the name of the Purchaser or its permitted nominee, free of all estate, right, title, interest, royalty, rental, and equity of redemption of the Debtor and all Persons who claim by, through or under the Debtor and subject only to the permitted encumbrances identified in the APA (the "**Permitted Encumbrances**");
- (b) with the exception of the Alberta Energy Regulator ("**AER**"), the Debtor and all Persons who claim by, through or under the Debtor in respect of the Assets, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such Person remains in possession or control of any of the Assets, they shall forthwith deliver possession of same to the Purchaser or its permitted nominee;
- (c) the Purchaser or its nominee shall be entitled to enter into, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtor, or any Person claiming by, through or under the Debtor.

5. Upon closing of the Transactions, subject only to the Permitted Encumbrances and approval of the transfer of applicable licences, permits and approvals by the AER pursuant to section 24 of the *Oil and Gas Conservation Act* ("OGCA") and section 18 of the *Pipeline Act*, all of the Debtor's right, title and interest in the Assets shall vest in the Purchaser free and clear from all security interests, claim, estate, security, right, title, interest and liens, including but not limited to, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, encumbrances or other rights, limitations or restrictions of any nature whatsoever, against the Debtor including without limitation any rights or interests of any of the stakeholders or creditors of the Debtor, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent (all of the foregoing being collectively referred to hereinafter as the "**Claims**"), whether such claims against the Debtor came into existence prior to, subsequent to or as a result of any previous Order of this Court, by or of all Persons or entities of a kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other natural persons or corporations, whether acting in their capacity as principals or agents, trustees, executives, administrators or other legal representatives (collectively, the "**Claimants**"), including for greater certainty and without limiting the generality of the foregoing: (i) any Claims held by or in favour of the Persons served (either directly or through their solicitors) with the Application; and (ii) the beneficiary of any Claims created or provided for pursuant to any previous Order in these proceedings including, without limitation, the Receivership Order.

6. The Receiver is authorized to deliver to the Purchaser at the closing of the transactions contemplated by the APA one or more general conveyances and/or specific conveyances signed by the Receiver and, upon the filing of this Order, together with any applicable registration fees, all appropriate government authorities are hereby directed to register all transfers or conveyances, as may be required to convey clear title to the Assets to the Purchaser, except for Permitted Encumbrances, provided that the transfer of any applicable AER licences, permits, or approvals is subject to approval by the AER pursuant to section 24 of the OGCA and section 18 of the *Pipeline Act* and noting that nothing in this order requires the AER to grant such approval. In relation to the Assets situated in the Province of Alberta, and for greater certainty:

- (a) The Registrars of the North and South Alberta Land Registration Districts shall, notwithstanding s. 191(1) of the *Land Titles Act* of Alberta, cancel and discharge all Claims registered against the interests of the Debtor set out in Schedule "A" in respect of the

freehold assets of the Debtor located in the Province of Alberta. For further certainty, the Registrars shall not cancel and discharge the registration of any Claims registered against the estates or interests other than the estate or interest of the Debtor;

- (b) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17 shall cancel and discharge all Claims registered against the interests of the Debtor set out in Schedule "A" in respect of the Assets and, without limiting the generality hereof, the Minister shall cancel and discharge all security notices and all assignments under s. 426 (formerly s. 177) of the *Bank Act* (Canada). For further certainty, the Minister of Energy shall not cancel and discharge the registration of any Claims registered against estates or interests other than the estate or interest of the Debtor; and
- (c) The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act*, R.S.A. 2000, c. M-17, shall record that all Claims in the nature of builders' liens shall be cancelled and discharged as against the interest of the Debtor set out in Schedule "A" in and to the Assets located in the Province of Alberta. For further certainty, the Minister of Energy shall not cancel and discharge the registration of such builders' liens registered against estates or interests other than the estate or interest of the Debtor.

7. For greater certainty, subject only to the Permitted Encumbrances, the Purchaser shall, by virtue of the completion of the Transactions, have no liability of any kind whatsoever to any Claimants.

8. Upon the Receiver receiving a legal opinion from its legal counsel confirming the validity and enforceability of the security interest granted by the Debtor to Alberta Treasury Branches ("**ATB**") over the Property, the Receiver be and is hereby authorized and empowered to distribute to ATB from the net proceeds received from the disposition of the Assets (but subject to the charges contained in the Receivership Order) an amount sufficient to irrevocably repay all indebtedness owing by the Debtor to ATB, including, without limitation, all principle, interest, fees owing to ATB, all costs and expenses incurred by ATB and all legal fees and costs charged to ATB on a solicitor and own client, full indemnity basis.

9. The Transactions shall not be void or voidable at the instance of the Claimants and shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended or any other applicable federal or provincial legislation, and the Transactions or any actions taken therewith, shall not constitute conduct meriting an oppression remedy.

10. Service of this Order on the Service List (as such term is defined in the Application) by email, facsimile, registered mail, courier or personal delivery shall constitute good and sufficient service of this Order, and no Persons other than those on the Service List are entitled to be served with a copy of this Order.



J.C.Q.B.A.

SCHEDULE "A" – CLAIMS TO BE DELETED AND EXPUNGED

CROWN MINERAL TITLES

<u>Encumbrance No.</u>	<u>Encumbrance Type</u>	<u>Party</u>
1303113	SECURITY NOTICE	ALBERTA TREASURY BRANCHES