

COURT FILE NUMBER

1301-14151

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS
AMENDED

AND IN THE MATTER OF THE BUSINESS
CORPORATIONS ACT, RSA 2000, c.B-9, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGMENT OF ALSTON ENERGY INC.

DOCUMENT

THIRD REPORT OF THE MONITOR

APRIL 30, 2014

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR

ALVAREZ & MARSAL CANADA INC.

Bow Valley Square I

Suite 570, 202 – 6th Avenue SW

Calgary, Alberta T2P 2R9

Tim Reid/Orest Konowalchuk

Telephone: (403) 538-4756 / (403) 538-4736

Email: treid@alvarezandmarsal.com

okonowalchuk@alvarezandmarsal.com

COUNSEL

McCarthy Tetrault LLP

Sean Collins / Walker MacLeod

Suite 4000, 421-7th Avenue

Calgary, Alberta T2P 4K9

Phone: (403) 260-3531 / (403) 260-3710

Fax: (403) 260-3501

Email: scollins@mccarthy.ca

wmacleod@mccarthy.ca

File: 213575-457897

TABLE OF CONTENTS OF THE THIRD MONITOR’S REPORT

TERMS OF REFERENCE4

BACKGROUND4

OPERATIONAL UPDATE.....5

RESTRUCTURING UPDATE.....8

MONITORS ACTIVITIES.....12

ACTUAL TO FORECAST RESULTS – FEBRUARY 22, 2014 TO APRIL 25, 2014.....13

UPDATED CASH FLOW FORECAST THROUGH AUGUST 1, 2014.....13

ALSTON’S REQUEST FOR AN EXTENSION OF THE STAY PERIOD17

RECOMMENDATION17

LISTING OF APPENDICES TO THE THIRD MONITOR’S REPORT

APPENDIX A	AER Notices
APPENDIX B	Updated Forecast

INTRODUCTION

1. On December 9, 2013, Alston Energy Inc. (“Alston” or the “Company”) sought and obtained protection from its creditors under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended (the “CCAA”) pursuant to an order of the Court of Queen’s Bench of Alberta (“Court”) (the “Initial Order”).
2. Pursuant to the Initial Order (as amended and restated on December 13, 2013, the “Amended & Restated Initial Order”), Alvarez & Marsal Canada Inc. was appointed monitor of the Company (the “Monitor”).
3. Under the Initial Order, the initial stay period may be extended by the Court from time to time and the Company is to continue carrying on the business in a manner consistent with the preservation of its business and assets.
4. On January 7, 2014, the Court granted a further order that, amongst other things, extended the initial stay period to March 7, 2014. The stay period was subsequently extended by Order dated March 4, 2014 to expire on May 9, 2014.
5. The Initial Order and Amended and Restated Initial Order granted the Company various relief, including but not limited to, imposing a stay of proceedings against the Company and its current and future assets, undertakings and properties of every nature (the “Property”) and providing the Company an opportunity to prepare and file a plan of arrangement or compromise under the CCAA for the consideration of its creditors and other stakeholders.
6. The purpose of this third report of the Monitor (the “Third Report”) is to provide the Court with an update in respect of the following:
 - a) An operational update since the second report of the Monitor dated February 28, 2014 (the “Second Report”);
 - b) the Company’s update on its restructuring efforts;
 - c) the Monitor’s activities since the Second Report;

- d) an analysis of the budget to actual cash flow results for the period from February 15, 2014 to April 25, 2014 (the “Reporting Period”);
 - e) the revised cash flow projections (the “Updated Forecast”) from April 26, 2014 through August 1, 2014 (the “Forecast Period”);
 - f) the Company’s request for an extension to the Stay Period until, and including August 1, 2014; and
 - g) the Monitor’s recommendations.
7. Capitalized terms not defined in this Third Report are as defined in the Initial Order, the First Report, the Second Report, the Initial Order and the Amended and Restated Initial Order.
8. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

9. In preparing this Third Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of Alston. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants (“CICA”) Handbook has not been performed. Future oriented financial information relied upon in this report is based on management’s assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND

10. Alston is a publicly traded oil and gas company with its operational and financial management located in Calgary, Alberta. Alston’s oil and gas properties are solely located in the province of Alberta and its common stock are currently listed and traded on the TSX Venture Exchange. Alston has no subsidiaries or affiliates

and carries on its operations through various joint venture, farm-in and joint operating arrangements.

11. Further background to Alston and its operations are contained in the materials filed relating to the Initial Order, the Amended Initial Order including the various affidavits of Don Umbach. These documents, together with other information including the various reports of the Monitor in this CCAA proceeding, have been posted by the Monitor on its website at: www.amcanadadocs.com/alston.

OPERATIONAL UPDATE

Operations

12. Since the Second Report, Alston's operations have not experienced any material change. Alston has been able to maintain its key employees and contractors and has generally enjoyed the support of its critical vendors and suppliers.

Statutory, ATB and other reporting requirements

13. The Monitor understands that the Alston is up to date in its payments and reporting requirements with CRA on GST and source deduction payments.
14. Alston is in the process of completing its year-end financial statements.
15. Alston engaged the services of McDaniel & Associates Consultants Ltd. ("McDaniel") to complete and prepare a mechanical update of its NI 51-101 report dated December 31, 2012 (the "Reserve Report") and this update was based on forecast prices and costs as of December 31, 2013 (the "Mechanical Update Report"). On March 10, 2014, McDaniel submitted the Mechanical Update Report to Alston and shortly thereafter, the Mechanical Update Report was provided to ATB. On April 28, 2014, Alston was advised by ATB that the bank required an updated Reserve Report for the year-ended 2013 as per its current lending agreement with ATB and that the Mechanical Update was not sufficient. The Monitor understands that Alston misunderstood its requirement to complete an updated Reserve Report and thought, through its discussions with

ATB, that the Mechanical Update Report was sufficient. Alston is currently working with ATB on this matter to have it resolved. The Monitor received the Mechanical Update Report from Alston on April 28, 2014 and the Monitor is currently reviewing the contents of this report.

Operations Notice

16. On March 28, 2014, Alston received an operations notice (the “Operations Notice”) and a related authority for expenditure (“AFE”) from Hawk Exploration Ltd. (“Hawk”), to drill and case a well (13-24-38-4 W4) to test the Mannville Formation in the Provost area, as discussed in more detail in the affidavit of Don Umbach, dated April 30th, 2014 (the “April 30th Umbach Affidavit”). Alston has a 30% working interest in the well and Hawk owns the remaining 70% working interest.
17. The Company elected to participate in the well. The Monitor has reviewed the Operations Notice and discussed the advantages and disadvantages of participating in drilling the well with Alston. In particular, by Alston participating in drilling the well, there may be upside from potential oil production from this well that may increase the cash flow and overall value of Alston. There is also risk that the well is dry and the cost of drilling is lost. However, if Alston elected not to participate, Alston would forfeit the entire interest in the lease and the well and any future upside in production revenue.
18. The total AFE is approximately \$400,000 for drilling and casing and Alston’s proportionate share is approximately \$120,000. Alston understands and in the Monitor’s view Alston does not currently have the cash flow to fund its portion of this drilling program. It is anticipated that this obligation will come due likely in late July or August 2014, but it unknown at this time and the obligation is not reflected in the Updated Forecast. The Monitor and its legal counsel are currently reviewing the Operations Notice to determine if an obligation exists with Alston as a result of the execution of this Operations Notice.

19. The Monitor believes that Alston's decision to elect to participate in the drilling of this well was consistent with its normal operating policies and reasonable in the circumstances. The Monitor will continue to review how the Company will resolve its obligation (if any) for drilling this well.

Capital program

Provost Capital Program

20. As previously discussed in the Second Report, Alston has taken recent steps to increase oil and gas production in the Provost area and addressed certain operational and mechanical issues, which had recently reduced the Company's production capability. Some of these issues consisted of routine down hole well service work to repair broken rods, pumps and tubing strings. In addition, a new flow line was required to replace a ruptured line used to transport disposal water to an injection well which constrained Provost oil production.
21. The Monitor understands that Alston's capital program to restore its production levels to historical levels was completed in Q1 2014 and all four (4) wells are currently on production. However, the Monitor was advised by Alston that there were some delays in obtaining certain Alberta Energy Regulatory ("AER") approvals with respect to the water injection well and, as a result, this delayed the increase in production by approximately 4-5 weeks. The effect of the increased production to historical levels is now fully reflected in the Updated Forecast. The Monitor understands that all costs associated with respect to this capital program have been paid for and reflected in the actual cash flows in the Reporting Period.

Alberta Energy Regulator

22. As previously discussed in a prior report, the AER mandated certain pipeline upgrades and well abandonments at Alston's operated Provost property that is estimated to cost approximately \$125,000. Specifically, Alston was issued an abandonment order by the AER on a well in Provost because the mineral rights

had expired. The AER also conducted a pipeline audit for the Provost area in September 2013, which resulted in several “high risk non-compliances” to Alston

23. The Monitor is aware that Alston has been in contact with the AER since the Second Report and was granted an extension to complete the abandonment operations until July 1, 2014. In addition, Alston recently submitted an application to the AER for a similar extension for the pipeline repair work as this pipeline work is supposed to be completed on April 30, 2014 and the extension request is to August 1, 2014. The Monitor is not aware if the extension from the AER regarding the pipeline repair work has been granted yet. The letters from the AER for the abandonment extension and the pipeline work over is attached to this report as Appendix A.

RESTRUCTURING UPDATE

24. Since the Second Report, Alston has taken numerous steps with respect to its restructuring efforts, which include (amongst other things):
 - a) communicating and meeting with its significant stakeholders, the Monitor, and Sayer Energy Advisors (“Sayer”) about its restructuring and operational plans and to discuss a confidential non-binding letter of intent (“LOI”) executed by Alston and a prospective purchaser (the “Counterparty”), which may be capable to support a plan of arrangement in these proceedings;
 - b) implementing a program to rectify various operational and mechanical issues effecting Alston’s oil and gas interests in the Provost area of Alberta and restoring production to its current capacity;
 - c) closing the asset purchase agreement with Black Powder Energy Inc. relating to the assets in the area of Alexander that was previously approved by this Honourable Court

- d) stabilizing and continuing Alston's operations in the field and working closely with its key customers and suppliers; and
- e) receiving and responding to the Operations Notice, as discussed above.

Sale of Alexander property

- 25. On March 4, 2014, the sale of the Alexander property was approved by this Honourable Court and was subsequently closed on March 6, 2014. Pursuant to the vesting order granted by this Honourable Court on March 4, 2014 (the "Vesting Order"), Alston paid from the net proceeds of the Alexander sale \$650,000 to ATB as a permanent reduction of Alton's indebtedness to ATB. In addition, certain retainers were paid to beneficiaries of the Administration Charge and the Administration Charge was reduced from \$750,000 to \$250,000.

LOI

- 26. Alston signed an LOI in late February 2014 with the Counterparty on a corporate offer that the parties intended to form the basis for a plan of arrangement in the CCAA proceedings. The LOI included an exclusivity period while the parties negotiated the terms and conditions of the LOI and a possible plan to Alston's creditors. The Monitor further understands that Alston had numerous meetings with ATB and the Counterparty regarding the terms of the LOI to determine if ATB would provide the financing required by the LOI.
- 27. After several meetings and discussions in mid-April 2014 regarding the terms and conditions of the LOI, ATB advised that the financial metrics of the post-plan entity would not support a credit of the size requested. Shortly thereafter, the Monitor was advised that the Counterparty would submit a revised LOI to attempt to address ATB's concerns on the original LOI. On April 28, 2014, the Counterparty provided ATB and Alston with the revised LOI. ATB is considering the submitted and revised LOI. The Monitor is also in the process of

reviewing the revised LOI provided by the Counterparty. The exclusivity agreement between the Counterparty and Alston has now expired.

Proposed solicitation and/or sales process

28. As discussed in the Second Report, over the past 1.5 years, Alston has been actively reviewing its strategic alternatives that would allow Alston to continue operating as a going-concern and enhance value. On July 24, 2013, Alston engaged Sayer to initiate a process whereby Alston's core and non-core assets were marketed for sale and strategic corporation combinations were sought in respect of Alston (the "Sayer Marketing Process"). The deadline for submitting bids in the Sayer Marketing Process was October 24, 2013 and no acceptable offers were generated at that time.
29. During the CCAA proceedings, Alston requested Sayer to contact companies that previously submitted offers in the Sayer Marketing Process to determine their interest in any of the Alston properties (the "Informal Solicitation Process"). The Information Solicitation Process allowed these parties to resubmit their offer by January 20, 2014. A total of six (6) companies submitted written offers, where:
 - a) one offer was for the shares of Alston by the Counterparty;
 - b) one was for all of the assets of Alston; and
 - c) the remaining four (4) offers were for selected properties, of which one offer was accepted by Alston and approved by this Honourable Court.
30. In March and April 2014, Alston and the Monitor received various unsolicited enquiries from third parties about submitting offers on the assets of Alston and/or for offers on Alston's tax pools. As a result of the exclusivity agreement with the Counterparty, Alston and/or its agents were prohibited from responding or dealing with these interested third-parties unless consent was provided by the Counterparty, which consent was not obtained.

31. As a result of: (a) the amount of time that has now passed since the Sayer Marketing Process; (b) the expiry of the exclusivity period with the Counterparty; (c) the expiry of the LOI; and (d) the recent apparent interest from various third parties in respect of Alston's tax pools, the Company is proposing to implement a solicitation and/or sales process if this Honourable Court grants an extension to the stay of these CCAA proceedings.
32. On April 29, 2014, the Monitor, Alston and Sayer met to discuss Sayer's views on the timing to initiate a solicitation and sales process. Sayer advised that the financial markets and overall sales environment has greatly changed and is more positive since the Sayer Marketing Process was completed. Sayer indicated that they are seeing more successful financing deals in the oil and gas industry than in recent past, and this is partly as a result of higher gas prices and the differential in oil not being as great. These factors, along with recent interest they have had from prospective purchasers of Alston's assets and tax pools, are strong indications that it is now likely the best time to initiate a full, broad-based solicitation and sales process.
33. The details of this process are set out in the April 30th Umbach Affidavit advising that this process would involve:
 - a) seeking outright purchase offers on any/all of Alston's assets and/or seeking offers that may allow for corporate reorganization of Alston and be used as part of a plan of arrangement;
 - b) the process would commence forthwith and would likely require approximately four (4) to five (5) weeks from the date it is implemented to the deadline for submitting offers, plus an additional 4 weeks thereafter to close;
 - c) the Monitor will oversee the solicitation process and Sayer will assist in implementing the process from beginning to finality;

- d) targeting specific parties that were previously interested in Alston and canvassing the market broadly to new potential buyers/partners; and
 - e) communicating to the market place of a bid deadline for submitting offers and stressing that all reasonable offers will be considered.
34. The Monitor is currently working with Alston, its counsel and Sayer in assessing and finalizing the timing, economics and other matters in determining the best strategy for Alston and its creditors and stakeholders to maximize realizations on Alston's assets.
35. The Monitor is of the view that an extension to the Stay Period is necessary for Alston and the Monitor to consider the type and finalize a solicitation/marketing process required to be implemented and that no creditor and/or stakeholder will be materially prejudiced with the proposed stay extension, if granted by this Honourable Court.

MONITORS ACTIVITIES

Overview

36. Since the Second Report, the Monitor has, among other things:
- a) continued its review of Alston's receipts and disbursements and monitoring of the Companies' performance relative to the cash flows filed in the Second Report (the "Second Report Forecast");
 - b) responded to creditor questions and calls regarding the CCAA proceedings;
 - c) respond to various enquiries made by interested purchaser on the Alston assets and its tax pools;
 - d) provided comments and continued review of the Companies analysis, identification and treatment of critical suppliers (if applicable);

- e) attended the head office of Alston to meet with management and continued review the company's books and records;
 - f) continued discussions with Alston's management and its legal counsel and Sayer relating to Alston's restructuring efforts;
 - g) attend a meeting with Alston, ATB and the Counterpart and their respective counsel to discuss the LOI presented by the Counterparty;
 - h) provide comments and feedback to Alston's management and counsel relating to the closing of the Alexander property; and
 - i) continued communication with Alston's legal advisors regarding the Company's intention to seek a claims procedure order in due course;
37. The Monitor will continue to work with Alston and all of its significant stakeholders as appropriate in these CCAA proceedings.

ACTUAL TO FORECAST RESULTS – FEBRUARY 22, 2014 TO APRIL 25, 2014

Actual to Forecast Summary Results

38. This section has been redacted in its entirety as it contains certain information that was sealed pursuant to the sealing order of Justice A.D. MacLeod granted on March 4, 2014. Alston is applying to lift the sealing order at the return of its stay extension application and, assuming such order is granted, the Monitor will then provide a copy of its unredacted Third Report to the entire service list.

UPDATED CASH FLOW FORECAST THROUGH AUGUST 1, 2014

39. Alston, with the assistance of the Monitor, has prepared an Updated Forecast for the Forecast Period based on the most current information available, which is attached in Appendix B to this Third Report.
40. The Updated Forecast is based on management's assumptions regarding future events, actual results will vary from the information presented even if

management's assumptions to the Updated Forecast occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the results shown in the Updated Forecast will be achieved. The Monitor also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Second Report, or relied upon by it in preparing this Third Report.

41. The table below summarizes the cash flow for the Forecast Period as prepared by the Company, with the assistance of the Monitor:

Alston Energy Inc.	
Updated Forecast	
April 26, 2014 to August 1, 2014	
(\$CAD - Unaudited)	
	TOTAL
	Apr.26/14 to
	Aug.1/14
Receipts	
Operating Receipts	1,542,000
Operating disbursements	
Operating costs	1,170,000
Payroll, benefits and contractor costs	150,500
Lease rentals and royalty costs	153,500
General and administrative costs	69,000
Interest payment on ATB loan	102,000
Capital expenditures	125,000
	<u>1,770,000</u>
Non-operating disbursements	
Restructuring costs	190,000
Sayer solicitation process work fee	10,000
	<u>200,000</u>
Net change in cash flows	<u>(428,000)</u>
Opening available cash	643,250
Net change in cash flow	<u>(428,000)</u>
Ending available cash	<u><u>215,250</u></u>

42. As summarized above, Alston is projecting over the Forecast Period:
- a) total operating cash receipts from production revenues (Oil, Gas and NGL's) and JV receipts of approximately \$1,542,000;
 - b) total operating disbursements of approximately \$1,770,000 relating primarily to:

- i. operating costs of approximately \$1,170,000 that consist of expected operating costs in relation to production volumes along with office rent, electricity costs and other operator costs;
 - ii. payroll, benefits and contractor costs of approximately \$150,500;
 - iii. lease rental and royalty costs of approximately \$153,500 that are not offset against receipts collected by Alston and the based on managements expected production;
 - iv. general and administrative costs of approximately \$69,000 relating to payments made on insurance, bank fees and other miscellaneous costs;
 - v. interest payments on ATB outstanding revolving operating loan of approximately \$102,000;
 - vi. capital expenditures forecast of approximately \$125,000 relating to AER mandated work overs as discussed above. This amount only represents one-half of the estimated costs to complete the mandated work overs and it is estimated that the remaining balance will be paid in the week following the Forecast Period;
- c) total restructuring costs of approximately \$190,000 that consist of anticipated professional fees paid during the Forecast Period; and
 - d) Sayer solicitation process work fee estimated at approximately \$10,000 to initiate and revised solicitation and/or marketing process as discussed further above;

43. Based on Alston's assumptions, the Updated Forecast indicates that the Company will continue to have sufficient available cash to meet its current obligations through the Forecast Period.

ALSTON'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

44. The stay period expires at midnight on May 9, 2014. The Company is seeking an extension of the Amended Initial Stay Period until, and including August 1, 2014 (the "Proposed Stay Extension").
45. The Proposed Stay Extension is necessary for Alston to continue its discussions with ATB and the Counterparty and to conduct a solicitation and marketing process of its assets.
46. In the Monitor's view, Alston is acting in good faith and with due diligence during this CCAA proceeding. The Monitor is of the view that the Proposed Stay Extension is appropriate in the circumstances.

RECOMMENDATION

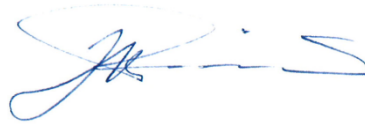
47. The Monitor respectfully recommends that this Honourable Court approve the Proposed Stay Extension.

Dated at Calgary, this 30th day of April, 2014.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Monitor of
Alston Energy Inc.**



Tim Reid, CA, CIRP
Senior Vice President



Orest Konowalchuk, CA, CIRP
Director

APPENDIX A

April 1, 2014

BY E-MAIL ONLY

Bruce Eckert
Alston Energy Inc.
1100-744 - 4 Ave SW
Calgary, AB T2P 3T4

E-Mail: BEckert@alstonenergy.ca

**Extension to Petroleum & Natural Gas Abandonment
Well Licence No.: W 0396438
Well ID: 02/02-22-038-03W4/0**

Dear Mr. Eckert:

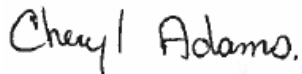
The Alberta Energy Regulator (AER) is in receipt of Alston Energy Inc.'s, (Alston) request dated April 1, 2014, requesting an extension to abandon the subject well due to Alston being in the process of seeking a corporate sale, merger, or recapitalization and this time has very limited access to capital to undertake abandoning the well at this time.

Therefore, the AER grants an extension to Alston until, but no later than, **July 1, 2014**, to abandon the subject well and satisfy the AER with the appropriate documentation. The Digital Data Submission indicating both the downhole and surface abandonments **must be submitted within the same time frame**. If Alston cannot satisfy the AER with the appropriate documentation by this date, the AER will suspend the licence, order the well closed, and the imposition of the **Global Refer** status against Alston.

The **Global Refer** status indicates the licensee's inability or unwillingness to comply with the requirements of the AER, and will be considered when deciding to approve or deny any pending or future applications to the AER involving the licensee. The **Global Refer** status and AER Order will remain in place against the licensee until all noncompliance issues have been addressed to the AER's satisfaction.

Questions concerning this letter may be directed to the undersigned at (403) 355-4312 or Enforcement@aer.ca

Yours truly,



Cheryl Adams
Compliance Support Officer
Liability Management
Closure & Liability

Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canada

www.aer.ca

File No. 4004

December 24, 2013

BY E-MAIL ONLY

Bruce Eckert
Alston Energy Inc.
1100, 744 – 4 Avenue S.W.
Calgary, AB T2P 3T4

Email: beckert@alstonenergy.ca

Wainwright Field Centre
801 – 2 Avenue
Wainwright, Alberta T9W 1C4
Canada

tel 780-842-7570
fax 780-842-7536

www.aer.ca

High Risk Enforcement Action – Extension Granted
Municipal District: M.D. of Provost
Compliance Category: Pipeline – Inspection Results
Licence No. P24405, Line No's. 1 – 23
Licence No. P32319, Line No. 1
Licence No. P38161, Line No's. 1 – 3
Licence No. P41408, Line No's 1 – 3

Dear Mr. Eckert:

The Alberta Energy Regulator (AER) (successor to the ERCB) Wainwright Field Centre has received and reviewed your e-mail of December 12, 2013, in regards to requesting an extension to the deadline date to ensure the work is completed.

The AER Wainwright Field Centre is granting the requested extension to **April 30, 2014**.

If you have any questions, please call me at 780.842.7612 or on cell at 780.806.6235.



Holly James, Assistant Team Leader
AER Wainwright Field Centre

HJ/alh

ec: Darren Antos, Pipeline Technical Specialist, Wainwright
FSOB-Portal-Inbox

APPENDIX B

Alstom Energy Inc.
Cash Flow Forecast
February 22, 2014 to August 1, 2014 (the "Revised Forecast Period")
(\$CAD - Unaudited)

Note	Week 21 2-May-14	Week 22 9-May-14	Week 23 16-May-14	Week 24 23-May-14	Week 25 30-May-14	Week 26 6-Jun-14	Week 27 13-Jun-14	Week 28 20-Jun-14	Week 29 27-Jun-14	Week 30 4-Jul-14	Week 31 11-Jul-14	Week 32 18-Jul-14	Week 33 25-Jul-14	Week 34 1-Aug-14	Week 21-34 Apr-26/14 to Aug-1/14
Receipts															
Oil	-	-	-	-	390,000	-	-	-	455,000	-	-	-	475,000	-	1,320,000
Natural gas	-	-	-	-	52,000	-	-	-	56,000	-	-	-	60,000	-	168,000
NGL's	-	-	-	-	12,000	-	-	-	15,000	-	-	-	18,000	-	45,000
Joint venture receipts	-	-	3,000	-	-	3,000	-	-	-	-	-	3,000	-	-	9,000
Total receipts	-	-	3,000	-	454,000	3,000	-	-	526,000	-	-	3,000	553,000	-	1,542,000
Operating disbursements															
Operating costs	112,417	88,000	111,550	-	161,550	65,132	111,550	-	150,000	76,662	-	111,550	-	201,568	1,170,000
Payroll, benefits and contractor costs	6,426	-	21,792	-	25,292	1,426	21,792	-	19,292	7,426	-	2,500	19,292	5,970	150,500
Lease rentals and royalty costs	-	-	672	56,500	-	-	4,486	-	45,000	-	-	1,842	-	-	153,500
General and administrative costs	6,060	-	7,500	-	13,098	100	7,500	-	13,458	100	7,500	-	7,500	6,184	69,000
Interest payment on ATB loan	25,000	-	-	-	25,000	-	-	-	-	26,000	-	-	-	26,000	102,000
Capital expenditures	-	-	-	-	-	-	-	-	-	-	125,000	-	-	-	125,000
Total operating disbursements	149,903	88,000	141,514	56,500	224,940	66,558	140,842	4,486	227,750	110,208	151,792	115,892	71,792	239,722	1,770,000
Non-operating disbursements															
Restructuring costs	-	50,000	-	-	-	60,000	-	-	-	-	-	-	80,000	-	190,000
Saver solicitation process work fee	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Total non-operating disbursements	-	60,000	-	-	-	60,000	-	-	-	-	-	-	80,000	-	200,000
Net change in cash flows	(149,903)	(60,000)	(138,514)	(56,500)	(224,940)	(63,558)	(140,842)	(4,486)	(227,750)	(110,208)	(151,792)	(115,892)	(71,792)	(239,722)	(1,770,000)
Operating available cash	643,250	493,347	365,347	226,833	170,333	399,393	272,735	131,893	130,407	428,657	318,448	166,656	53,764	454,972	643,250
Net change in cash flow	(149,903)	(60,000)	(138,514)	(56,500)	(224,940)	(63,558)	(140,842)	(4,486)	(227,750)	(110,208)	(151,792)	(115,892)	(71,792)	(239,722)	(1,770,000)
Ending available cash	493,347	365,347	226,833	170,333	399,393	272,735	131,893	130,407	428,657	318,448	166,656	53,764	454,972	215,250	215,250
Revolving Operating Loan															
Revolving operating loan - revised max availability	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000	8,350,000
Ending available cash under revolving loan	493,347	365,347	226,833	170,333	399,393	272,735	131,893	130,407	428,657	318,448	166,656	53,764	454,972	215,250	215,250
Remaining cash available under operating loan	7,856,653	7,984,653	8,123,167	8,179,667	7,950,607	8,077,265	8,218,107	8,219,593	7,971,343	8,031,552	8,183,344	8,296,236	7,895,028	8,134,750	8,134,750


Don Umbach
Alstom President & CEO

April 30th, 2014
DATE