

COURT FILE NUMBER

1301-14151

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, RSC 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
ARRANGEMENT OF ALSTON ENERGY INC.

DOCUMENT

ORDER
(Vesting Order)

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

DENTONS CANADA LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David LeGeyt / Derek M. Pontin
Ph. (403) 268-3075/6301 Fx. (403) 268-3100
File No.: 549521-6

DATE ON WHICH ORDER WAS
PRONOUNCED:

March 4, 2014

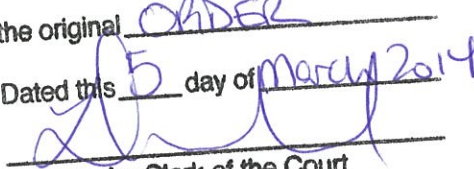
LOCATION WHERE ORDER WAS
PRONOUNCED:

Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS
ORDER:

The Honourable Mr. Justice A.D. Macleod

UPON the application of Alston Energy Inc. ("**Alston**") for an Order approving an Asset Purchase and Sale Agreement dated February 19, 2014 ("**Agreement**") made between Alston as vendor and Black Powder Energy Inc. (formerly known as 1704260 Alberta Ltd.) as purchaser ("**Purchaser**"); AND UPON having read Affidavit #3 of Don Umbach dated February 28, 2014, and the Second Report of the Monitor dated February 28, 2014, including the Confidential Appendix thereto, and the Affidavit of Service of Gail Wheatley sworn March 4, 2014 (the "**Service Affidavit**");

I hereby certify this to be a true copy of
the original ORDER
Dated this 5 day of March 2014

for Clerk of the Court

AND UPON hearing from counsel to Alston, counsel to Alvarez and Marsal Canada Inc. (the "**Monitor**"), counsel to the Purchaser, counsel to Alberta Treasury Branches ("**ATB**"), and other interested parties;

AND UPON it appearing that all interested and affected parties have been served with notice of this Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. All capitalized terms used herein and not otherwise defined shall have the same meaning given to them in the Agreement.

Service

2. The manner of service of the within Application and the materials in support thereof is good and sufficient and is hereby validated and approved, the time for service and notice thereof is abridged to the time actually given (if necessary), the within Application is properly returnable today and further service of the Application and materials in support thereof, on any party other than those listed and in any other manner other than as set out in the Service Affidavit, is hereby dispensed with.

Approval of Sale and Vesting of the Assets

3. The sale and conveyance of the Assets to the Purchaser, in accordance with the terms and conditions of the Agreement, be and is hereby authorized and approved.
4. Alston and the Monitor are hereby authorized and directed to execute all deeds, documents and agreements, and to do all things reasonably necessary to complete the sale and conveyance of the Assets, close the Agreement and the transactions contemplated therein, and carry out the terms of the Agreement and this Order.
5. Upon the Monitor filing with this Honorable Court a certificate in the form attached hereto as Schedule "A" (the "**Monitor's Certificate**") certifying that the sale of the Assets has closed substantially in accordance with the terms of the Agreement and all purchase monies due and owing in respect of such sale have been tendered to Alston, then:
 - (a) the Assets shall be vested in the name of the Purchaser free of all estate, right, title, interest, royalty, rental, claim, and equity of redemption of Alston and all persons who

claim by, through or under Alston in respect of the Assets, subject only to the Permitted Encumbrances;

- (b) Alston and all persons who claim by, through or under Alston 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, claim, 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 nominee; and
 - (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Assets for its own use and benefit without any interference of or by Alston, or any person claiming by or through or against Alston.
6. Alston is authorized and empowered, in respect of the Assets and the Agreement, to execute and deliver: (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the Assets, which, in Alston's discretion are reasonably necessary or advisable to conclude the transactions contemplated in or in furtherance of the transfer of the Assets and/or this Order; and (b) any and all instruments and documents in respect of the Assets as may be required by the Registrar of the Land Titles Office of Alberta, any other government department or agency, or deemed necessary by Alston, and the Registrar of the Land Titles Office of Alberta and all other government departments or agencies are hereby directed, notwithstanding any restrictions in the Land Titles Act (Alberta), to effect registration of any such instrument or document so executed by Alston.
7. Upon the filing of the Monitor's Certificate, Alston and the Purchaser may discharge, or authorize the discharge of, any security registration or registrations in the Personal Property Registry or other registry of the Province where the Assets is located as may be required to properly convey clear title of the Assets to the Purchaser, except that Alston and the Purchaser may only discharge the security registration of a party not served with notice of this Application if that party does not object to the discharge of their registration within 10 days after being served with this Order.

8. Until further order of this Honourable Court, the Monitor shall hold the amount of \$6,000.00 in trust as security for the builders' lien claims of Apex Distribution Inc., which amount shall stand in the place instead of the Assets transferred pursuant to this Order with the same validity and priority and in the same amount and subject to the same defences that were or may have been available when the builders' liens attached to the Assets themselves.
9. This Court hereby requests the aid and recognition (including assistance pursuant to Section 17 of the CCAA, as applicable) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada in carrying out the terms of this Order and the Agreement.
10. Any conveyance or transfer of Assets made pursuant to the provisions of this Order shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the Bankruptcy and Insolvency Act (Canada) ("BIA") in respect of Alston; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds Alston (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
 - (a) the transaction contemplated hereby shall not create or be deemed to constitute a breach by Alston of any Third Party Agreement to which Alston is party; and
 - (b) the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement cause by or resulting from the creation, execution, delivery or performance of any transaction contemplated hereby.
11. Notwithstanding (i) the pendency of these proceedings and the declaration of insolvency made herein, (ii) any Bankruptcy Order sought or issued pursuant to the BIA in respect of any of Alston, and (iii) the provisions of the BIA, or any other applicable federal or provincial legislation or common law, the Agreement and transaction contemplated thereby shall constitute legal,

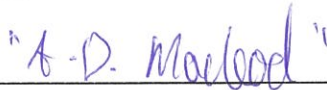
valid and binding obligations of Alston enforceable against Alston in accordance with the terms thereof, and no transaction contemplated therein will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to constitute settlements, fraudulent preferences, assignments, fraudulent conveyances, oppressive conduct, or other reviewable transactions under the BIA, or any other applicable federal or provincial legislation or common law.

Application of Proceeds

12. The net proceeds from the Agreement shall be applied by Alston as follows:
- (a) \$650,000 to ATB in permanent reduction of the amounts owing by Alston to ATB; and
 - (b) the balance to Alston's general working capital requirements and restructuring costs, including the payment of retainers to the Monitor and legal counsel to Alston.

Miscellaneous

13. Alston, the Monitor, the Purchaser, or any interested party may apply to this Court for advice and direction on notice to any party likely to be affected by the Order sought or on such notice as this Court directs.
14. Alston shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.



Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

COURT FILE NUMBER 1301-14151

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS **IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 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 ARRANGEMENT OF ALSTON ENERGY INC.**

DOCUMENT **MONITOR'S CERTIFICATE**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

DENTONS CANADA LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David LeGeyt
Ph. (403) 268-3075 Fx. (403) 268-3100
Email: david.legeyt@dentons.com
File No.: 549521-6

Alvarez and Marsal Canada Inc. (the "**Monitor**"), the Monitor in these proceedings, hereby certifies that the Asset Purchase and Sale Agreement dated February 19, 2014 between Alston and Black Powder Energy Inc. (formerly known as 1704260 Alberta Ltd.) has closed this ____ day of _____, 2014, and all purchase monies due and owing have been tendered to Alston.

ALVAREZ AND MARSAL CANADA INC., in its capacity as Court-appointed Monitor in these proceedings, and not in its personal capacity.

Per: