

COURT FILE NO.	25-2332583 25-2332610 25-2335351	<div style="border: 1px solid black; padding: 10px; text-align: center;">Clerk's Stamp</div>
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PROCEEDING	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF MANITOK ENERGY INC. IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF RAIMOUNT ENERGY CORP. IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CORINTHIAN OIL CORP.	
APPLICANT	TANTALUS ENERGY CORP.	
DOCUMENT	AFFIDAVIT	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Gowling WLG (Canada) LLP 1600, 421 – 7 th Avenue SW Calgary, AB T2P 4K9 Attn: Thomas Cumming / Caireen E. Hanert Phone: 403.298.1938/403.298.1992 Fax: 403.263.9193 File No.: A158569	

AFFIDAVIT OF GREGORY VAVRA
Sworn on February 15, 2019

I, **GREGORY VAVRA**, Businessperson, **MAKE OATH AND SAY THAT:**

1. I am a Consultant to Tantalus Energy Corp. ("**Tantalus**") and previously worked for Manitok Energy Inc. ("**Manitok**") as Executive Vice President, Business Development. As such, I have personal knowledge of the facts herein deposed to, except where stated to be based upon information and belief, in which case I verily believe same to be true. Capitalized terms used herein, unless otherwise defined, have the meanings ascribed to them in my Affidavit sworn January 17, 2019 in these proceedings.

2. Pursuant to a purchase and sale agreement dated November 23, 2018 (the "**Tantalus PSA**") between Alvarez & Marsal Canada Inc., in its capacity as receiver and manager of Manito Energy Inc. ("**Manitok**", and Alvarez, in such capacity, the "**Receiver**"), Tantalus agreed to purchase certain assets from the Receiver, including certain pipeline segments (the "**Disputed Pipelines**"), which are defined in paragraph 1.1(s) of the Tantalus PSA as the "Disputed Ember Assets". The purchase transaction was approved by an approval and vesting order granted by Justice Romaine on January 18, 2019 (the "**Approval and Vesting Order**"), but the transaction has not yet closed. As of the date of this Affidavit, it remains uncertain when the transaction will close, but closing has been tentatively rescheduled to February 28, 2019 (the "**Projected Closing**").
3. Ember Resources Ltd. ("**Ember**") has brought an application seeking a declaration that Ember is the legal and beneficial owner of the Disputed Pipelines. Tantalus has brought an application seeking an order that: (a) until the Projected Closing, the legal and beneficial owner of the Disputed Pipelines is Manitok, and thereafter is Tantalus; and (b) Ember is required to make certain payments to the Receiver and/or Tantalus.
4. In or about February 2017, Manitok became aware that Encana Corporation ("**Encana**") was selling its assets in the Bruce Farms area of Alberta (the "**Bruce Farms Assets**"), which included the Disputed Pipelines. Manitok was interested in purchasing the Bruce Farms Assets.
5. I am advised by Massimo Geremia, former President of Manitok, and do verily believe that:
 - (a) Upon advising Encana that Manitok was interested in purchasing the Bruce Farms Assets, he was informed by John Knox of Encana that Encana would first offer the Bruce Farms Assets to Ember to determine whether Ember was interested in purchasing them, and that only upon Ember declining to do so would Encana entertain selling them to Manitok; and
 - (b) Shortly thereafter, Mr. Knox informed Mr. Geremia that Ember had advised that it was not interested in purchasing the Bruce Farms Assets.
6. Manitok agreed to purchase the Bruce Farms Assets pursuant to an asset purchase agreement dated in or about February 2017 (the "**Manitok PSA**"). Before completing this purchase, Manitok took steps to confirm that Encana owned the Bruce Farms Assets, including the Disputed

Pipelines. Upon confirming Encana's ownership and the conditions precedent to closing being satisfied, Manitoak completed the purchase from Encana on March 1, 2017.

7. The relevant terms of the Manitoak PSA were as follows:
 - (a) The Bruce Farms Assets had natural gas production of approximately 1.1Mmcfd (175 boe/d) and included 13 sections of developed petroleum and natural gas rights to the base of the Belly River formation, seventy five (75) wellbores, full 3D seismic coverage, and 170 kilometres of related gathering system pipelines, including the Disputed Pipelines (the "**Gathering System**"). The Gathering System extends over three townships of land within and contiguous to one of Manitoak's core areas (the "**Carseland Alberta Area**"); and
 - (b) Manitoak assumed abandonment and reclamation obligations exceeding \$4.0 million.
8. The acquisition of the Bruce Farms Assets was of additional value to Manitoak for the following reasons, among others:
 - (a) A segment of the Gathering System, including a portion of the Disputed Pipelines, would facilitate a lower cost tie-in for four Manitoak wells, resulting in a reduction of installation costs of approximately \$1.0 million; and
 - (b) The Gathering System, including the Disputed Pipelines, extended Manitoak's infrastructure reach in one of its core areas, making it less costly to tie in future wells and increased the potential for securing future third party volumes for Manitoak's Carseland gas plant.

A copy of the press release announcing Manitoak's acquisition of the Bruce Farms Assets is attached hereto as **Exhibit "A"**.

9. After the completion of the purchase of the Bruce Farms Assets, Encana and Manitoak submitted an application for approval of the transfers of the licences to the Bruce Farms Assets, including the Disputed Pipelines, to the Alberta Energy Regulator (the "**AER**"). Manitoak did not learn of Ember's purported claim to the Disputed Pipelines until after completing the purchase of the Bruce Farms Assets. It was only after the AER approved the transfer of these licenses to Manitoak on or about April 26, 2017 that Ember notified Manitoak that Ember claimed ownership

of the Disputed Pipelines and had submitted to the AER a Request for Regulatory Appeal of the Licence Transfer.

10. Upon reviewing the Affidavit of Tom Zuorro sworn and filed September 11, 2018 (the "**September Zuorro Affidavit**"), I have determined that:

- (a) The Disputed Pipelines were specifically excluded from the purchase by Ember from Encana of certain assets pursuant to a purchase and sale agreement (the "**Ember PSA**") that closed on January 15, 2015;
- (b) In fact, each of the Disputed Pipelines are identified in the schedule to the Ember PSA listing assets that were specifically excluded from the purchase and sale transaction and that were being retained by Encana; and
- (c) The land area containing the Disputed Pipelines is included in the Excluded Area on the Whitemap schedule in the Ember PSA.

11. I am advised by my review of the business records of Manitoak and do verily believe that:

- (a) On or about January 15, 2015, Ember (as Operator) and Encana (as Producer) entered into a Gas Handling Agreement for Bruce Farms and other facilities (the "**Ember GHA**"). The Ember GHA covers the costs associated with compression and processing of Encana hydrocarbons at various facilities in the Bruce Farms area. A copy of the Ember GHA is attached to the Affidavit of Tom Zuorro sworn and filed on January 14, 2019 (the "**January Zuorro Affidavit**") as Exhibit "D". Although the Encana hydrocarbons were transported through a portion of the Disputed Pipelines, the Ember GHA did not contain any charges for transportation, as would be expected if Ember owned the Disputed Pipelines; and
- (b) On or about January 15, 2015, Ember (as Contract Operator) and Encana (as Owner) entered into a Contract Operating Agreement for Bruce Farms Assets and other contract wells and facilities (the "**Ember COA**"). The Ember COA provides the terms pursuant to which Ember operated Encana's Bruce Farms wells, along with the associated costs. A copy of the Ember COA is attached to the January Zuorro Affidavit as Exhibit "G". Like the Ember GHA, the Ember COA does not include any charges for transportation, as would be expected if Ember owned the Disputed Pipelines.

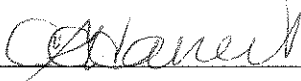
12. On or about March 1, 2017, Encana assigned its interest in and to the Ember GHA and Ember COA to ManitoK.
13. On or about June 7, 2017, ManitoK provided a draft Gas Handling Agreement to provide for transporting Ember gas through the ManitoK Carseland Gas Gathering System (the "**ManitoK GHA**"). The ManitoK Carseland Gas Gathering System includes the Disputed Pipelines. In determining the charges to be included in the ManitoK GHA, ManitoK initially applied the Jumping Pound Formula, which is accepted by industry as the standard method for determining these types of charges. However, as Ember gas volumes were flowing through over 60 kilometres of ManitoK pipelines, the Jumping Pound Formula would result in very high charges to Ember. Accordingly, ManitoK discounted those charges from the values calculated using the Jumping Pound Formula to ensure the charges were more reasonable before including them in the ManitoK GHA.
14. On or about June 13, 2017, Ember advised that it would not sign the ManitoK GHA on the basis that the fee calculation methodology was flawed and its belief that the charges for transportation of its gas were too high. Ember did not refuse to sign the ManitoK GHA on the basis that it owned that portion of the ManitoK Carseland Gas Gathering System comprising the Disputed Pipelines. A copy of the related email exchange between Ember and ManitoK is attached as Exhibit "M" to the January Zuorro Affidavit.
15. On or about July 28, 2017, Ember purported to unilaterally adjust its fees under the Ember GHA and the Ember COA. Copies of the adjustment of fees letters are attached as Exhibits "F" and "I" to the January Zuorro Affidavit.
16. Contrary to the assertion contained in the September Zuorro Affidavit, a portion of the Disputed Pipelines transport production owned by ManitoK from its Bruce Farms wells.
17. On January 10, 2018, ManitoK filed a Notice of Intention to File a Proposal pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**NOI**").
18. On February 20, 2018, Justice Horner granted an Order terminating the NOI and appointing the Receiver.
19. The Approval and Vesting Order includes a process to determine the ownership of the Disputed Pipelines. A copy of the Approval and Vesting Order is attached hereto as **Exhibit "B"**.

20. From March 2, 2017 to January 10, 2018, as owner and licensee of the Disputed Pipelines, Manitox was assessed linear property taxes by the municipal authorities, insured the Bruce Farms Assets, including the Disputed Pipelines, and undertook negotiations with Ember to recover reasonable transportation fees for Ember's use of Manitox's pipelines.
21. In paragraph 29 of the September Zuorro Affidavit, Ember asserts that it has exercised incidents of ownership in relation to the Disputed Pipelines. However, Ember was required to perform those steps as contract operator of the Disputed Pipelines under the Ember GHA and Ember COA. As contract operator of the Disputed Pipelines, Ember is also required to meter the volumes of gas shipped through the Disputed Pipelines and is responsible for the operations and maintenance of the Disputed Pipelines. In turn, Ember charges the owner, be it Encana or Manitox, for these contracted services. The costs associated with each of these contract operations are incorporated in the charges under both the Ember GHA and the Ember COA.
22. The Disputed Pipelines are a key part of Tantalus' operational plans for the Manitox Assets. If Tantalus is determined to be the owner of the Disputed Pipelines:
 - (a) Tantalus plans to reverse the flow direction of one of the Disputed Pipelines and to connect four oil wells into that same pipeline as soon as approval is granted by the AER. These changes will accommodate over 500 boe/day (40% oil) of additional production;
 - (b) Tantalus intends to file a common carrier application with the AER for a determination of the amounts owing by Ember for its use of the Disputed Pipelines from March 2, 2017 to the date of determination; and
 - (c) Tantalus intends to file a common processor application with the AER for a determination of the amounts owing to Ember for its contract operations and gas handling services from March 2, 2017 to the date of determination pursuant to the Ember GHA and Ember COA.
23. If Tantalus is determined not to be the owner of the Disputed Pipelines:
 - (c) Tantalus will be required to incur replacement costs for the Disputed Pipelines, currently estimated to be in excess of \$5 million, with an additional tie-in cost of approximately \$2 million to tie in four wells that will be stranded; and

- (d) Tantalus will have been compelled to forfeit a valuable component of the Bruce Farms Assets, and yet Tantalus will continue to have significant abandonment and reclamation liabilities with respect to the remainder of the Bruce Farms Assets.

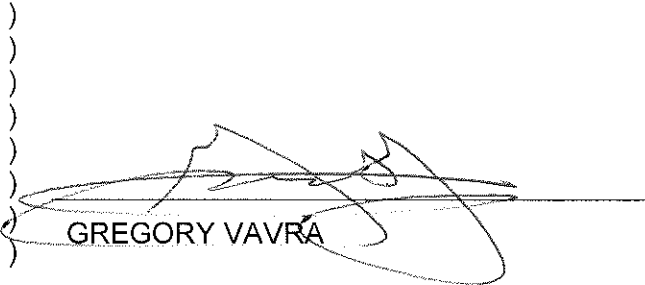
24. At no time has Ember advanced any claim in relation to the Disputed Pipelines or otherwise against Encana. A copy of a procedure card dated January 15, 2019 for all actions commenced by Ember since October 2014 is attached hereto as **Exhibit "C"**.

SWORN (OR AFFIRMED) BEFORE ME at
Calgary, Alberta, this 15th day of February,
2019.



A Commissioner for Oaths/Notary Public in
and for the Province of Alberta

Caireen E. Hanert
Barrister & Solicitor



GREGORY VAVRA

This is **Exhibit "A"** referred to in the Affidavit of
Gregory Vavra Sworn before me this 15th day of February 2019.

A handwritten signature in black ink, appearing to read 'C. Hanert', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Caireen E. Hanert
Barrister & Solicitor

THIS PRESS RELEASE IS NOT FOR PUBLICATION OR DISSEMINATION IN THE UNITED STATES. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.



PRESS RELEASE

MANITOK ENERGY INC. ANNOUNCES THE ACQUISITION OF NATURAL GAS PRODUCTION AND RELATED STRATEGIC PIPELINE SYSTEM AND A YEAR OVER YEAR FIRST QUARTER PRODUCTION INCREASE OF 39%

April 27, 2017, Calgary, Alberta – Manitok Energy Inc. ("Manitok" or the "Corporation") (TSX-V: MEI) is pleased to announce that it has completed an acquisition from an Alberta based oil and gas company to acquire a 100% working interest in approximately 1.1 Mmcfd (175 boe/d) of natural gas production, based on field estimates, in the Carseland, Alberta area (the "Acquisition"). In addition to the current production, the Acquisition includes 13 sections of developed P&NG rights to the base of the Belly River formation complete with full 3D seismic coverage, and approximately 170 kilometers of related gathering systems extending over 3 townships. The Corporation paid a cash consideration of \$75,000 and assumed discounted abandonment liabilities of approximately \$400,000 (10% discount rate) for the Acquisition.

The Acquisition is of value to Manitok in the following ways:

- the acquired gathering system contains a segment of pipeline that will facilitate a lower cost tie-in for four Manitok wells; two Basal Quartz ("BQ") wells located on the surface pad at 3-16-23-25W4M and two Lithic Glauc ("LG") wells located on the surface pad at 07-03-23-25W4M. The location of the existing pipeline is expected to reduce the installation costs associated with the tie-ins by about \$1.0 million;
- the acquired gathering system extends Manitok's infrastructure reach in its core Carseland area over 3.5 townships making it less costly to tie in wells drilled in the future as well as increasing the potential for securing future third party volumes for the Carseland gas plant; and
- Manitok has estimated recompletion potential in approximately 40 of the acquired wellbores and the lands associated with the Acquisition are contiguous to the Corporation's Carseland block.

Production and Operations Update

Based on field estimates, Manitok's net production averaged 6,120 boe/d (38% oil and liquids) during the first quarter of 2017 which is a 39% increase over first quarter 2016 average production of 4,407 boe/d (46% oil). Approximately 75 boe/d was lost to unanticipated production down time during the quarter.

The year over year production increase was achieved even though there has not been any additional production added from drilling since December 2016 due to the inability to complete (i.e.: fracture stimulate) the last two horizontal wells that were drilled late in 2016. Manitok was unable to complete the

final two wells of the 2016 drilling program due to the lack of availability of frac crews over the winter drilling season. Manitok expects to complete and production test these two wells late in the second quarter of 2017 and, if successful, tie them in at the same time as the three wells discussed in more detail below.

With the acquisition of the additional pipeline infrastructure in the Carseland area, Manitok anticipates it will tie-in the following three horizontal wells late in the second quarter of 2017:

- **02-09-23-25W4M (now 102/07-09-23-25W4M by name change) (the "07-09 well")**: a lower BQ well that was drilled in 2014 and production tested for 206 consecutive hours until stable flowing conditions were observed. During the test period, the 07-09 well averaged 22.8 bbl/d oil and 989.6 Mcf/d natural gas for an average total of 186.2 boe/d and during the last 24 hours of the test period, the 07-09 well produced 15.1 bbl/d oil and 992.6 Mcf/d natural gas for an average of 179.0 boe/d;
- **03-09-23-25W4M (the "03-09 well")**: a middle BQ well that was drilled in 2014 and production tested for 147 consecutive hours until stable flowing conditions were observed. During the test period, the 03-09 well averaged 137.2 bbl/d oil and 623.0 Mcf/d natural gas for an average total of 240.1 boe/d and during the last 24 hours of the test period, the 03-09 well produced 153.5 bbl/d oil and 1,208.0 Mcf/d natural gas for an average of 353.0 boe/d; and
- **10-04-23-25W4M (the "10-04 well")**: a LG well that was drilled in 2016 and production tested for 253 consecutive hours until stable flowing conditions were observed. During the test period, the 10-04 well averaged 170.8 bbl/d oil and 402.6 Mcf/d natural gas for an average total of 237.3 boe/d and during the last 24 hours of the test period, the 10-04 well produced 215.5 bbl/d oil and 514.7 Mcf/d natural gas for an average of 300.5 boe/d.

Manitok anticipates adding approximately 800 boe/d (45% oil) of initial production from these three already completed wells and further anticipates additional volumes at Carseland when the two yet to be completed wells referred to above are successfully completed.

Projected Disclosure Timing – Year-End Financials, Year-End Reserves and Quarterly Financials

Manitok expects to announce its year-end financial results and to disclose its year-end reserves information on or about May 1, 2017. First Quarter 2017 financial results will be released no later than May 30, 2017.

About Manitok

Manitok is a public oil and gas exploration and development company focused on Lithic Glauconitic light oil in southeast Alberta and Cardium light oil in west central Alberta. The Corporation utilizes its expertise, combined with the latest recovery techniques, to develop the remaining oil and liquids-rich natural gas pools in its core areas of the Western Canadian Sedimentary Basin.

For further information view our website at www.manitokenergy.com or contact:

Manitok Energy Inc.
Massimo M. Geremia
President and Chief Executive Officer
Telephone: 403-984-1751
Email: mass@manitok.com

Cautionary Statements:

Forward-looking Information

This press release contains forward-looking statements. The forward-looking statements in this press release are based on certain key expectations and assumptions made by Manitoak, including expectations and assumptions concerning Manitoak's operational and drilling plans, development and growth potential of Manitoak's properties, commodity prices, the anticipated benefits of the Acquisition and the anticipated availability of capital.

Although Manitoak believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Manitoak can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with adverse market conditions, the inability of the Corporation to complete the Acquisition at all or on the terms announced, the TSX Venture Exchange not approving the Acquisition, Manitoak's lender not approving the Acquisition and the risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, general business, economic, competitive, political and social uncertainties, capital market conditions and market prices for securities and changes to existing laws and regulations. Certain of these risks are set out in more detail in the AIF, which is available on Manitoak's SEDAR profile at www.sedar.com.

Forward-looking statements are based on estimates and opinions of management of Manitoak at the time the statements are presented. Manitoak may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but Manitoak undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Well Production Test Information


Manitoak cautions readers that the well production results reported herein may not be indicative of long term well performance. Readers are advised to refer to all available publicly disclosed information about the Company's areas of operation and well type curves in order to assess the probable long term well performance associated with the production test results disclosed herein.

Barrels of Oil Equivalent

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel (1 bbl) of crude oil. The boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This is **Exhibit "B"** referred to in the Affidavit of
Gregory Vavra Sworn before me this 15th day of February 2019.

A handwritten signature in black ink, appearing to read 'C. Hanert', is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Caireen E. Hanert
Barrister & Solicitor

I hereby certify this to be a true copy of the
original Order
of which it purports to be a copy.

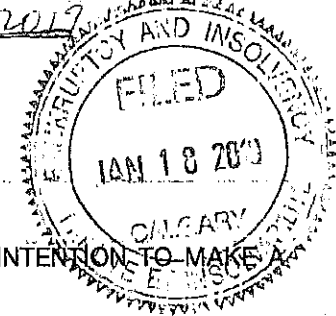
COURT FILE NUMBER

25-2332583

25-2332610

25-2335351

Clerk's Stamp



COURT

COURT OF QUEEN'S BENCH OF ALBERTA
Court of Queen's Bench of Alberta

JUDICIAL CENTRE

CALGARY

PROCEEDING

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF MANITOK ENERGY INC.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF RAIMOUNT ENERGY CORP.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CORINTHIAN OIL CORP.

APPLICANT

ALVAREZ & MARSAL CANADA INC., IN ITS CAPACITY AS THE
COURT-APPOINTED RECEIVER AND MANAGER OF MANITOK
ENERGY INC. AND RAIMOUNT ENERGY CORP

DOCUMENT

APPROVAL AND VESTING ORDER

(Sale by Receiver)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Norton Rose Fulbright Canada LLP
3700, 400 - 3rd Avenue S.W.
Calgary AB T2P 4H2

Telephone (403) 267-8144 / (403) 267-8193
Facsimile (403) 264-5973
File No. 1001023920
Attention: Howard Gorman Q.C. / Aaron Stephenson

DATE ON WHICH ORDER WAS PRONOUNCED: January 18, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine

UPON THE APPLICATION by Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed receiver and manager (the "Receiver") of the assets, undertakings and properties of Manitok Energy Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by a purchase and sale agreement dated November 23, 2018, as amended by agreement dated December 14, 2018 (the "Purchase and Sale Agreement") between the Receiver as vendor and Tantalus Energy Corp. as purchaser (the "Purchaser"), which Purchase and Sale Agreement is appended in redacted form as Appendix A to the Sixth Report of the Receiver dated January 7, 2019 (the "Report"), and in unredacted form as Confidential Appendix 2 to the Report

(the "Confidential Addendum"), and vesting in the Purchaser the Debtor's right, title and interest in and to the Purchased Assets (as defined below);

AND UPON HAVING READ the order appointing the Receiver dated February 20, 2018 (the "Receivership Order"), the Application of the Receiver, filed, the Report, filed, the Confidential Addendum, filed, and other materials filed in the within proceedings; **AND UPON HAVING READ** the Affidavit of Service of Calvin Jim, sworn January 18, 2019, filed; **AND UPON REVIEWING** the Affidavits of Tom Zuorro, filed September 11, 2018 and January 14, 2019; **AND UPON REVIEWING** the Affidavit of Dale R. Percy, filed; **AND UPON HEARING** the submissions of counsel for the Receiver, National Bank of Canada, the Purchaser, the Alberta Energy Regulator ("AER"), Ember Resources Ltd. ("Ember"), PrairieSky Royalty Ltd. ("PrairieSky"), and any other parties present; **AND UPON NOTING** no one appearing for any other person on the service list;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE AND DEFINED TERMS

1. All capitalized terms in this Order and the Appendices that are not otherwise defined herein shall have the meaning ascribed to them in the Purchase and Sale Agreement. Additionally, "Ember Payable" means those post-receivership amounts claimed by Ember in connection with the gas handling and gas operating agreements, as described in the Affidavit of Tom Zuorro filed in these proceedings on January 14, 2019.
2. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

3. The Transaction and Purchase and Sale Agreement are hereby approved, and the execution of the Purchase and Sale Agreement by the Receiver is hereby approved. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets (as defined below) to the Purchaser.

VESTING OF PROPERTY

4. Subject to paragraphs 5 to 9 of this Order, upon the delivery of a Receiver's certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "Receiver's Certificate"), subject to approval of the transfer of applicable licenses, permits and approvals by AER, and to the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "B"** hereto (the "Permitted Encumbrances"), all of the Debtor's right, title and interest in and to the assets described in the Purchase and Sale Agreement and listed on

Schedule "C" hereto (collectively, the "Purchased Assets"), and the Assigned Contracts (as defined in the Purchase and Sale Agreement), shall vest absolutely in the name of the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, assignments, actions, taxes, judgments, writs of execution, disputes, debts, debentures, easements, covenants or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the Debtor, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, whether liquidated, unliquidated or contingent (collectively, the "Claims") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order or any other Orders granted in these proceedings;
- (b) all charges, security interests or claims evidenced by registrations pursuant to (i) the *Personal Property Security Act* (Alberta) (the "PPSA"); (ii) the *Land Titles Act* (Alberta) (the "LTA") and the *Mines and Minerals Act* (Alberta) (the "MMA") including without limitation the instruments listed in Parts 1, 2, and 3 and 4 of Schedule "D" hereto; or (iii) any other personal or real property registry system; and
- (c) all other claims other than the Permitted Encumbrances

(all of which are collectively referred to as the "Encumbrances"). For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets, to the extent that they attach to, charge, encumber or affect the Purchased Assets, are hereby expunged, vacated, and ordered removed and discharged as against the Purchased Assets, except for the Permitted Encumbrances and subject to paragraphs 18 and 19 hereof.

5. Notwithstanding paragraph 4 above, to the extent that Ember is determined to have an interest in the Disputed Ember Assets, being for greater certainty the pipeline segments identified in Schedule "E" to this Order, such interest shall not be vested out by paragraph 4.

6. Provided that Ember amends and pursues the Ember Application (as defined in paragraph 7) and takes the steps in the Ember Application required in paragraph 7 below, then until a court of competent jurisdiction determines whether Ember has an interest in the Disputed Ember Assets (the period between the completion of the Transaction and such determination being the "Determination Period"), the Purchaser shall hold the Disputed Ember Assets in trust for itself and Ember, and shall not do any of the following:

- (a) sell, transfer, encumber or otherwise dispose of the Disputed Ember Assets;
- (b) restrict or terminate the gas flow through the Disputed Ember Assets;

- (c) increase flowing pressures through the Disputed Ember Assets;
- (d) change the flow direction of the Disputed Ember Assets;
- (e) change the gas destination of the Disputed Ember Assets;
- (f) effect physical modifications to the Disputed Ember Assets;
- (g) transfer licenses in respect of the Disputed Ember Assets to any third party;
- (h) discontinue or abandon the Disputed Ember Assets;
- (i) fail to maintain the Disputed Ember Assets; or
- (j) otherwise damage the Disputed Ember Assets,

provided that notwithstanding clauses (a) to (j) above, the Purchaser shall be entitled, acting reasonably and in good faith, to take such steps as it deems necessary in respect of the Disputed Ember Assets to deal with an emergency situation or threat to public safety or the environment, provided that to the extent such steps affect Ember or the Disputed Ember Assets, the Purchaser shall give prompt notice in writing thereof to Ember.

7. Ember shall amend and restate its application to this Court filed in these proceedings on September 11, 2018 (the "**Ember Application**") to add a claim for a declaration relative to the amounts owing in respect of the Ember Payable, which application shall be heard as soon as practicable. Ember, the Purchaser, the Receiver (on behalf of Manitoak), any other party wishing to respond to the Ember Application, or such other party as is necessary to resolve the questions in dispute (each of Ember, the Purchaser, and the Receiver on behalf of Manitoak and such other party being a "**Party**", and more than one Party being the "**Parties**") shall take the following steps by the dates set out below, subject to further Order of this Court or agreement of the Parties:

- (a) by no later than February 1, 2019, Ember shall serve and file the amended and restated Ember Application, together with any additional affidavit evidence it intends to rely upon in the Ember Application;
- (b) by no later than February 15, 2019, each Party other than Ember shall serve and file any (i) cross-application or response to the Ember Application, including any claim for set-off as referred to in paragraph 8 below, (ii) claim-over, cross-claim, or counterclaim as against a Party together with (iii) affidavit evidence or, in the case of the Receiver, a Receiver's Report they intend to rely upon;
- (c) by no later than March 1, 2019, each Party shall have completed all questioning of other Parties' affidants and, in the case of the Receiver, Ember shall have made written requests of the Receiver in relation to questions or clarifications it may have as it pertains to the Receiver's Report;

(d) by no later than March 15, 2019, the Receiver shall have provided responses to any written requests made by Ember in relation to questions or clarifications pertaining to the Receiver's Report;

(e) by no later than April 5, 2019, each of the Parties shall have filed and served filed any briefs that they intend to rely upon; and

(f) by no later than April 18, 2019, each of the Parties shall have served and filed any responses to briefs by any other Party.

If any Party is added to the Ember Application, then the Parties will endeavor to reach an agreement relative to the aforementioned deadlines falling which any Party shall have leave to apply for direction from the Court.

If Ember fails to comply with the time line set out above, provided that the Purchaser has complied with such time periods, the Purchaser shall be at liberty to apply to this Court for an order amending this Order to delete paragraph 6 hereof or provide such other relief as this Court may deem appropriate.

8. Neither the Purchaser nor the Receiver shall settle any issue surrounding the Ember Payable and the Ember Receivable without the written consent of the other. Notwithstanding any provision in the Purchase and Sale Agreement, Manitoak or the Receiver shall be entitled to assert the entitlement to set-off the Ember Receivable against the Ember Payable. The issue of the ability of the Receiver to set-off any amounts owing to Manitoak by Ember on account of the Ember Receivable against any amounts owing to Ember on account of the Ember Payable shall be determined in the Ember Application. For greater certainty, Manitoak or the Receiver shall be deemed for all purposes to be the beneficial holder of the Ember Receivable for the purpose of asserting set-off in connection with the Ember Payable.

9. Notwithstanding paragraph 4 above, the Disputed PrairieSky Assets, comprising the ten (10) leases as identified on **Schedule "F"** to this Order, shall not vest in the Purchaser until a final determination is made by this Court, or agreement is reached between the Purchaser and PrairieSky, as to whether the Disputed PrairieSky Assets expired pursuant to the lease terms or constitute valid and subsisting leases (the "**Lease Expiration Dispute**"). Until a final determination respecting the Lease Expiration Dispute is made by this Court or agreement reached by PrairieSky and the Purchaser, the Disputed PrairieSky Assets shall not form part of the definition of Purchased Assets pursuant to this Order. The Receiver may but shall not be required to participate in any proceedings respecting the Lease Expiration Dispute. Should this Court make a final determination, or PrairieSky and the Purchaser otherwise agree, that the Disputed PrairieSky Assets did not expire and are in fact valid and subsisting leases, upon the entry of the Court Order or a certificate from the Receiver being filed confirming that PrairieSky and the Purchaser have reached agreement respecting the Lease Expiration Dispute, the Disputed PrairieSky Assets shall vest in accordance with paragraph 4 of this Order and form part of the definition of Purchased Assets pursuant to this Order.

10. The Receiver is hereby authorized and directed to execute for and on behalf of the Debtor all conveyances, assignments, transfers, novations, notices of assignment and other documents necessary or desirable in order to convey, assign and transfer title to the Purchased Assets to the Purchaser and to novate the Purchaser into any contracts, licenses, permits, approvals or authorizations included in the Purchased Assets.

11. For the purposes of determining the nature and priority of Claims, and pending any further or other distribution Order of this Court.

(a) The net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale, including without limitation in respect of any amounts or obligations accrued up to the Effective Date under any Crown or freehold mineral leases, surface leases or access rights, royalties, municipal property taxes, linear taxes (in the latter case, to the extent that such taxes would otherwise constitute a Claim against the Assets), or for amounts accrued under Permitted Encumbrances contemplated by paragraphs (xv) and (xix) prior to the Effective Date, and any defaults under any leases, access rights or royalty contracts, up to the Effective Date, shall be deemed, as against the Purchaser and the counterparty thereto, to be cured.

(b) Any party is at liberty to bring a further Application to this Court for an Order determining the priority and the quantum of any Claim, including, without limitation, a determination of the validity and enforceability of any registered or special lien, or the application of any rights of set-off by any party, and on a determination of the disputes relating to a Claim, for an Order to distribute a portion of the net proceeds from the sale of the Purchased Assets in full or partial satisfaction of such Claim.

12. Subject to any Application that may be made to reduce the amount held in trust by the Receiver as contemplated in paragraph 11 hereof, the amount to be so held shall include at least the following with respect to the following contingent or disputed claims:

- (a) \$119,093.08 in relation to builders' lien claims filed by Riverside Fuels Ltd. in relation to certain Purchased Assets;
- (b) \$462,685.40 in relation to builders' lien claims filed by Prentice Creek Contracting Ltd. in relation to certain Purchased Assets; and

(c) \$3,385,891.04 in relation to unpaid property tax claims, which amount shall include

(i) \$1,625,553.51 which was a holdback amount established by an order, pronounced on February 14, 2018, as amended by a further order pronounced on June 22, 2018; and

(ii) \$1,760,337.53 relating to municipal taxes owing by Manitok in relation to all of its properties.

and for further clarity, this Order is not intended to and does not create, enhance, defeat, alter or amend any party's entitlement to, or any priority of, the disputed or contingent claims set forth in this paragraph 12 or otherwise.

13. The Purchaser shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.

14. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser.

15. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.

16. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtor.

17. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser.

18. Upon the delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar or Registrars under the LTA, the Department of Energy and the Minister of Energy of Alberta, and all other government ministries and authorities in Alberta, respectively, exercising jurisdiction with respect to or over the Purchased Assets (collectively, the "Governmental Authorities"), as applicable, are hereby authorized, requested, and directed to (in each case as applicable):

(a) enter the Purchaser as the owner, lessee, and/or licensee of the Purchased Assets;

- (b) cancel the existing Certificates of Title to the Purchased Assets and issue new Certificates of Title for the Purchased Assets, in the name of the Purchaser;
- (c) delete and expunge from the existing title documents concerning the Purchased Assets all applicable Claims other than Permitted Encumbrances, and the Encumbrances listed at **Parts 4 and 5 of Schedule "D"** hereof; and
- (d) register such transfers, discharges, discharge statements, or conveyances, as may be required to convey clear title to the Purchased Assets to the Purchaser, subject only to the Permitted Encumbrances, and the Encumbrances listed at **Parts 4 and 5 of Schedule "D"** hereof.

19. Notwithstanding paragraph 18 hereof, to the extent that an Encumbrance attaches to both Purchased Assets and to other property of the Debtor ("**Other Property**") or does not attach to, charge or encumber the Debtor's interest in the Purchased Assets (such Encumbrance being a "**Non-Competing Encumbrance**");

- (i) a registration against the Debtor under the PPSA in respect of a Non-Competing Encumbrance shall not be discharged by the applicable Governmental Authority but such Non-Competing Encumbrance shall cease to attach to the Purchased Property and the Purchaser's interest therein;
- (ii) a registration in the LTA of a Non-Competing Encumbrance shall only be discharged, deleted, vacated or expunged by the relevant Governmental Authority as against title to the Purchased Assets, and not as against title to any Other Property; and
- (iii) a security notice or other notice of a Non-Competing Encumbrance registered in the MMA shall only be discharged, deleted, vacated or expunged by the relevant Governmental Authority as against the Purchased Assets and not as against any Other Property,

and for greater certainty, the registrations in respect of the Encumbrances listed at **Parts 4 and 5 of Schedule "D"** hereto are not to be discharged by this Order.

20. In the case of an Encumbrance listed on **Part 5 of Schedule "D"** to this Order, any affected party shall be at liberty to apply to this Court for an order that such Encumbrance be discharged, deleted or expunged by the applicable Governmental Authority.

21. Presentment of this Order and the Receiver's Certificate shall be the sole and sufficient authority for the Governmental Authorities to effect the registration of transfers, discharges, discharge statements or conveyances as may be required to convey clear title to the Purchased Assets to the Purchaser.

22. This Order shall be registered and the steps set out in paragraph 14 of this Order shall be carried out by the applicable Registrar and/or Governmental Authorities notwithstanding the requirements of the applicable federal and/or provincial legislation, including the LTA, and notwithstanding that the appeal period in respect of this Order has not elapsed.

23. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Purchase and Sale Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

24. Notwithstanding:

- (a) the pendency of these proceedings; and
- (b) the bankruptcy of the Debtor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

25. The Receiver, the Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing and implementing the Transaction.

MISCELLANEOUS MATTERS

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 as 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.

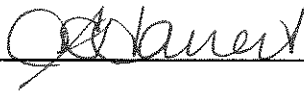
27. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

28. Service of this Order on any party not attending this application is hereby dispensed with.

29. Any party affected by this Order may, at any time, apply to this Honourable Court for advice and direction in relation to the discharge of their duties under this Order.

"B.E.C. Romaine"
J.C.Q.B.A.

This is **Exhibit "C"** referred to in the Affidavit of
Gregory Vavra Sworn before me this 15th day of February 2019.

A handwritten signature in black ink, appearing to read "C. Hanert", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Caireen E. Hanert
Barrister & Solicitor

BASES R00700 CALGARY 15/01/2019 08:40:54 PAGE 0001

CLERK OF THE COURT - COUNTER INDEX SEARCH BY NAME - PROVINCE WIDE

SEARCH : LAST/COMPANY NAME: EMBER RESOURCES LTD
CRITERIA : FIRST NAME: INITIAL:
NAME TYPE: P JURISDICTION Q VS: COMPANY: Y

REPORT COMMENT :

SELECT ALL FILES : Y

SELECT BY FILE # : N STARTING: 79 ENDING: 19

STARTING DOCUMENT	LAST STATUS DATE	LAST STATUS DESCRIPTION	PREVIOUS COURT
-------------------	------------------	-------------------------	----------------

*****END OF REPORT*****