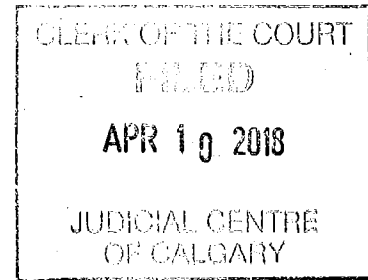


Clerk's stamp:



ESTATE NUMBER

25-2332583
25-2332610
25-2335351

COURT

COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE

CALGARY

PROCEEDINGS

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

FREEHOLD ROYALTIES PARTNERSHIP

RESPONDENT

ALVAREZ & MARSAL CANADA INC, IN ITS CAPACITY
AS RECEIVER AND MANAGER OF MANITOK ENERGY
INC., RAIMOUNT ENERGY CORP. AND CORINTHIAN
OIL CORP.

DOCUMENT

APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8
Attn: Ryan Zahara/Chris Nyberg
Telephone: 403-260-9628/403-260-9707
Facsimile: 403-260-9700
Email: ryan.zahara@blakes.com/
chris.nyberg@blakes.com
File Ref.: 89015/22

NOTICE TO RESPONDENT

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

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

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

Date	<u>May 4, 2018</u>
Time	<u>10:00 a.m.</u>
Where	<u>Calgary Court Centre</u>
Before Whom	<u>Madam Justice K.M. Horner</u>

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

Grounds for Making this Application:

1. The grounds upon which Freehold Royalties Partnership (the "**Applicant**" or "**Freehold**") relies on in making the within application (the "**Application**") are as follows:
 - (a) Manitok Energy Inc. ("**Manitok**") is an oil and gas company with conventional and crude oil and gas reservoirs in the Canadian Foothills and Southeast Alberta;
 - (b) on June 11, 2015, Freehold and Manitok entered into a production volume royalty acquisition agreement and a production volume royalty agreement (the "**Royalty Agreement**"), among other agreements, whereby Manitok created, sold and granted Freehold a production volume royalty (the "**Producing Royalty**") in certain oil and gas properties (the "**Royalty Lands**") owned by Manitok. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Royalty Agreement;
 - (c) on February 20, 2018, Alvarez & Marsal Canada Inc. was appointed receiver (the "**Receiver**") of all of Manitok's undertakings, assets and property pursuant to the terms of the receivership order (the "**Receivership Order**");
 - (d) on or about March 27, 2018, the Receiver advised legal counsel for Freehold that it had revoked Freehold's right to take the Producing Royalty in-kind under the Royalty Agreement;

- (e) the Receiver did not pay, and has not paid, the proceeds (the "**Proceeds**") received from the sale of the Oil Volumes on the Royalty Lands (the "**Oil Volumes**") associated with the Producing Royalty to Freehold;
- (f) The Royalty Agreement states that the Producing Royalty is an interest in land and is Freehold's property and Freehold has registered its interest in the Producing Royalty against the Royalty Lands with Alberta Energy;
- (g) based on the terms of the Royalty Agreement and the parties interactions, both Freehold and Manitok intended for the Producing Royalty to be an interest in land that runs with the Royalty Lands;
- (h) Manitok further agreed it would be estopped from taking any action to dispute, challenge or contest in any manner that the Producing Royalty is an interest in land;
- (i) Manitok, and hence the Receiver, has no right under the Royalty Agreement to determine whether Freehold will receive the Producing Royalty in-kind, or receive proceeds from the sale of the Oil Volumes associated with the Producing Royalty. Pursuant to Sections 5.5 and 5.7 of the Royalty Agreement, only Freehold can make this election;
- (j) the Receiver has no authority to revoke Freehold's take-in-kind right or withhold payment of Proceeds from Freehold as the Producing Royalty is not property of Manitok over which the Receiver has been appointed;
- (k) the Producing Royalty and the Oil Volumes associated with it are not the property of Manitok, and hence the Receiver. The Receiver also has no right to withhold the Proceeds from Freehold since they are derived from such Oil Volumes; and
- (l) since neither the Oil Volumes nor the Proceeds form part of the receivership estate, they cannot be used by the Receiver and cannot be the subject of any priority claim under the terms of the Receivership Order.

Remedy Claimed or Sought:

2. The Applicant is seeking an Order, substantially in the form attached hereto as Schedule "A":
 - (a) declaring that the Producing Royalty is an interest in land, is the property of Freehold and that Freehold is entitled to take in-kind all Oil Volumes associated with the Producing Royalty;
 - (b) directing that the Receiver immediately reverse the revocation of the take-in-kind right provided for under the Royalty Agreement for all production months going forward and immediately pay to Freehold any Proceeds that it received from the sale of the Oil Volumes since the take-in-kind right was improperly terminated;
 - (c) granting costs of this Application on a solicitor-client basis to Freehold; and
 - (d) such further and other relief as may be sought by the Applicant and this Honourable Court may deem appropriate.

Material or Evidence to be Relied On:

3. The Applicant intends to rely upon the following materials:
 - (a) the Affidavit of Michael Stone sworn April 13, 2018;
 - (b) the Receivership Order dated February 20, 2018; and
 - (c) such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

4. The Applicant intends to rely upon the following rules:
 - (a) the Alberta *Rules of Court*, AR 124/2010, as amended; and
 - (b) such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

5. The Applicant intends to rely upon the following Acts:
- (a) the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
 - (b) such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any Irregularity Complained of or Objection Relied on:

6. There are no irregularities complained of or objections relied on.

How the Application is Proposed to be Heard or Considered:

7. Oral submission by counsel at an application before the Honourable Madam Justice K.M. Horner at 10:00 a.m. on May 4, 2018 with one, some or all of the parties present.

WARNING

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

Schedule "A"

Form of Order

(see attached)

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DOCUMENT
ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT
BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8
Attn: Ryan Zahara/Chris Nyberg
Telephone: 403-260-9628/403-260-9707
Facsimile: 403-260-9700
Email:ryan.zahara@blakes.com/
chris.nyberg@blakes.com
File Ref.: 89015/22

DATE ON WHICH ORDER WAS PRONOUNCED: May 4, 2018

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice
K.M. Horner

LOCATION OF HEARING: Calgary Court Centre

UPON the application (the "**Application**") of the Freehold Royalties Partnership ("**Freehold**"); **AND UPON** having read the Application, the Affidavit of Michael Stone sworn April 13, 2018 (the "Stone Affidavit"); and the Affidavit of Service of [●] sworn April [●], 2018, filed; **AND UPON** hearing from counsel for Freehold, Alvarez & Marsal Canada Inc., in its capacity as receiver and manager (the "**Receiver**") of Manitok Energy Inc., Raimount Energy Corp. And Corinthian Oil Corp. and any others in attendance; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Capitalized terms used but not defined herein have the meanings given to them in the Stone Affidavit.
2. The Producing Royalty is an interest in land and is the property of Freehold.
3. Freehold is entitled to take in-kind all Oil Volumes associated with the Producing Royalty.
4. The Receiver shall immediately reverse the revocation of the take-in-kind right provided for under the Royalty Agreement for all production months beginning after the date of this Order.
5. The Receiver shall immediately pay to Freehold any Proceeds that it received from the sale of the Oil Volumes between the date of its appointment and the first production month beginning after the date of this Order.
6. Freehold shall have its costs of the Application on a solicitor-client basis as against the Receiver.

Justice of the Court Queen's Bench of Alberta