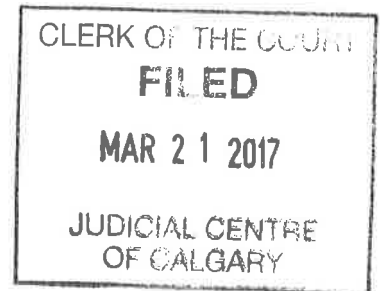


Clerk's Stamp:

COURT FILE NUMBER 1701-02184  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFFS THE BANK OF NOVA SCOTIA and ALBERTA TREASURY BRANCHES  
DEFENDANTS VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY INC.



AND IN THE MATTER OF THE RECEIVERSHIP OF VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY INC.

APPLICANT ALVAREZ & MARSAL CANADA INC. in its capacity as Court-appointed Receiver and Manager of the assets, undertakings and properties of VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY INC.

DOCUMENT **APPROVAL AND VESTING ORDER (Sale by Receiver)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
Torys LLP  
4600 Eighth Avenue Place East  
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Calgary, AB T2P 1G1

Attention: Kyle Kashuba  
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Fax: +1 403.776.3800  
Email: [kkashuba@torys.com](mailto:kkashuba@torys.com)  
File No. 39108-2002

**DATE ON WHICH ORDER WAS PRONOUNCED:** March 21, 2017  
**NAME OF JUSTICE WHO MADE THIS ORDER:** Mr. Justice C.M. Jones  
**LOCATION OF HEARING:** Calgary, Alberta

**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 Virginia Hills Oil Corp. (“**Virginia Hills**”) and Dolomite Energy Inc. (“**Dolomite**”, and together with Virginia Hills, the “**Debtors**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**PSA**”, included and described in Confidential Appendices B and C to the First Report) between the Receiver and the Purchaser (as that term is defined in the PSA), dated February 13, 2017 and appended to the First Report of the Receiver dated and filed March 15, 2017 (the “**First Report**”), and vesting in the Purchaser (or its nominee) the Debtors’ right, title and interest in and to the assets described in the PSA (the “**Assets**”);

**AND UPON HAVING READ** the Receivership Order dated February 13, 2017 (the “**Receivership Order**”), the First Report and the Affidavit of Service sworn March 21, 2017, to be filed (the “**Affidavit of Service**”); **AND UPON HEARING** the submissions of counsel for the Receiver, counsel for The Bank of Nova Scotia (“**BNS**”), counsel for Alberta Treasury Branches (“**ATB**”), counsel to the Purchaser, and from any other interested parties who may be present, with no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. 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.

**RECEIVER’S ACTIVITIES**

2. The actions, conduct and activities of the Receiver as reported in the First Report, are hereby authorized and approved.
3. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the First Report.

## APPROVAL OF TRANSACTIONS

4. The Transaction is hereby approved, and the execution of the PSA by the Receiver is hereby authorized and approved, and is deemed to be commercially reasonable and in the best interests of the receivership estate and the stakeholders affected thereby, with such minor amendments as the Receiver may deem necessary and as may be agreed upon by the Receiver and the Purchaser. The Receiver is hereby authorized and directed, subject to the terms and conditions of this Order and the PSA, 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 Assets to the Purchaser (or its nominee).

## VESTING OF PROPERTY

5. Subject only to approval of the transfer of applicable leases, rights of way or easements licenses (including, without limitation, licences of occupation), permits, and approvals by the Alberta Energy Regulator under section 23 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta), effective immediately upon the delivery by the Receiver of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**") confirming the closing of the Transaction contemplated by the PSA, all of the Debtors' right, title and interest in and to the Assets described in the PSA attached as Confidential Appendix B to the First Report hereto shall vest absolutely in the name of the Purchaser (or its nominee), 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, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**", which term shall explicitly not include the Permitted Encumbrances (as defined below)) including, without limiting the generality of the foregoing:
  - (a) any encumbrances or charges created by the Receivership Order or any further orders granted in these proceedings; and

- (b) all charges, security interests or claims evidenced by registration, filing, or publication pursuant to any or all of the following: (a) the *Personal Property Security Act* (Alberta); (b) the *Personal Property Security Act* (British Columbia); (c) the *Land Titles Act* (Alberta); (d) the *Land Title Act* (British Columbia); (e) the *Mines and Minerals Act* (Alberta); or (f) any other personal property, mineral, or real property registry system (collectively, the “**Registries**”);

for greater certainty, this Court orders that all of the Claims, other than the permitted encumbrances described in the PSA and listed on Schedule “B” hereto (the “**Permitted Encumbrances**”), affecting or relating to the Assets are hereby expunged and discharged as against the Assets.

- 6. 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 *Land Titles Act* (Alberta), the *Land Title Act* (British Columbia), the British Columbia Ministry of Natural Gas Development, Upstream Development Division, Tenure and Geoscience Branch, the British Columbia Ministry of Agriculture and Lands, FrontCounterBC, the British Columbia Oil and Gas Commission, the Department of Energy and the Minister of Energy Alberta, the Registries, and all other government ministries and authorities in Alberta and British Columbia, respectively, exercising jurisdiction with respect to or over the 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 Assets;
- (b) cancel the existing Certificates of Title to the Assets and issue new Certificates of Title for the Assets, in the name of the Purchaser (or its nominee);
- (c) cancel, delete or expunge from the existing title documents concerning the Assets all applicable Claims, including all Encumbrances other than the Permitted Encumbrances; and

- (d) register such transfers, discharge statements, or conveyances, as may be required to convey clear title to the Assets to the Purchaser, subject only to the Permitted Encumbrances.
7. This Order shall be registered and the steps set out in paragraph 6 shall be carried out by the applicable Registrar and/or Governmental Authorities notwithstanding the requirements of section 191(1) of the *Land Titles Act* (Alberta) and the requirements of the *Land Title Act* (British Columbia) and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
8. The Receiver is authorized to discharge from the Registries any claim or encumbrance registered against any of the personal property being purchased by the Purchaser, to the extent the security interest is registered against the interest of the Debtors.
9. The sale of the Assets to the Purchaser does not trigger any rights of first refusal and no Person may object or subsequently challenge the sale of the Assets to the Purchaser on the basis that it has a right of first refusal.

#### **CLOSING OF THE SALE TRANSACTION**

10. The closing of the transaction shall be effected in accordance with the terms of the PSA and such amendments to the PSA as may be agreed to in writing between the Purchaser and the Receiver.
11. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and shall be allocated to the separate accounts of each of Virginia Hills and Dolomite in accordance with the terms of the PSA, 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 Assets, as against Virginia Hills and Dolomite as the case may be, with the same priority as they had with respect to the Assets immediately prior to the sale, as if the 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.

12. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.
13. The Debtors and all persons who claim by, through or under the Debtors in respect of the 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 Assets and, to the extent that any such persons remains in possession or control of any of the Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
14. The Purchaser (or its nominee) 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 the Debtors, or any person claiming by or through or against the Debtors.
15. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtors.
16. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
17. 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 Debtors' records pertaining to the Debtors' past and current employees, including personal information of those employees listed in the PSA. 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 Debtors.
18. Notwithstanding:
  - (a) The pendency of these proceedings;

(b) Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and

(c) Any assignment in bankruptcy made in respect of the Debtors

the vesting of the Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, 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 *Bankruptcy and Insolvency Act* (Canada) 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.

19. The Receiver, the Purchaser (or its nominee) 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 the Transaction.
20. The Receiver's statement of receipts and disbursements, as attached to the First Report, is hereby approved.

## **DISTRIBUTION**

21. The Receiver is hereby authorized and directed to make the following distributions following the closing of the Transaction contemplated by the PSA:
  - (a) to BNS as Agent for a syndicate of secured lenders (collectively, the "**Virginia Hills Lenders**") on account of amounts owing by Virginia Hills to the Virginia Hills Lenders, the net sale proceeds derived from the Virginia Hills Property (as that term is defined in the Receivership Order); and

- (b) to ATB on account of amounts owing by Dolomite to ATB, the net sale proceeds derived from the Dolomite Property (as that term is defined in the Receivership Order);

in each case less amounts to be determined at the Receiver's sole discretion, to be retained to cover any Claims as described in paragraph 9 of this Order, the Receiver's professional fees and those of its counsel, future Receiver's professional fees and those of its counsel, and other costs related to the administration of the estate of the Debtors.

### **AMENDMENT TO THE RECEIVERSHIP ORDER**

22. Paragraph 16 of the Receivership Order is hereby deleted and replaced with the following:

“Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property in the Receiver's possession or control at the time a claim is made. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.”

### **MISCELLANEOUS MATTERS**

23. 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, and in particular in the Province of British Columbia, 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.
24. 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.

25. Service of this Order on any party not attending this Application is hereby dispensed with.

"C.M. Jones"

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Justice of the Court of Queen's Bench of Alberta

**Schedule "A"**

**Form of Receiver's Certificate**

COURT FILE NUMBER 1701-02184  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFFS THE BANK OF NOVA SCOTIA and  
ALBERTA TREASURY BRANCHES  
DEFENDANTS VIRGINIA HILLS OIL CORP. and  
DOLOMITE ENERGY INC.

Clerk's Stamp

AND IN THE MATTER OF THE  
RECEIVERSHIP OF VIRGINIA HILLS OIL  
CORP. and DOLOMITE ENERGY INC.

**DOCUMENT RECEIVER'S CERTIFICATE**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS DOCUMENT  
Torys LLP  
4600 Eighth Avenue Place East  
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Calgary, AB T2P 1G1

Attention: Kyle Kashuba  
Telephone: + 1 403.776.3744  
Fax: +1 403.776.3800  
Email: [kkashuba@torys.com](mailto:kkashuba@torys.com)  
File No. 39108-2002

**RECITALS**

- A. Pursuant to an Order of the Honourable Justice C.M. Jones of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated March 13, 2017, Alvarez & Marsal Canada Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Virginia Hills Oil Corp. ("**Virginia Hills**") and Dolomite Energy Inc. ("**Dolomite**" and together with Virginia Hills, the "**Debtors**").

- B. Pursuant to an Order of the Court dated March 21, 2017, the Court approved the agreement of purchase and sale made as of February 13, 2017 (the “PSA”) between the Receiver and the Purchaser (the “Purchaser”, as that term is described and defined in the PSA and Confidential Appendices B and C to the First Report) and provided for the vesting in the Purchaser of the Debtors’ right, title and interest in and to the Assets, which vesting is to be effective with respect to the Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Assets; (ii) that the conditions to Closing as set out in Article 3 of the PSA have been satisfied or waived by the Receiver and the Purchaser, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Receiver.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the PSA.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Assets payable on the Closing Date pursuant to the PSA;
2. The conditions to Closing as set out in Article 3 of the PSA have been satisfied or waived by the Receiver and the Purchaser (or its nominee), as applicable; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

**Alvarez & Marsal Canada Inc., in its capacity as Receiver of the undertaking, property and assets of Virginia Hills Oil Corp. and Dolomite Energy Inc., and not in its personal capacity.**

**Per:** \_\_\_\_\_

**Name:**

**Title:**

**Schedule "B"**

**Permitted Encumbrances**

**"Permitted Encumbrances"** means:

- (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule "A";
- (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;
- (iii) the terms and conditions of the Title Documents, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents; provided that royalties, net profit interests and net carried interests and similar burdens will only constitute "Permitted Encumbrances" to the extent they are referenced in a schedule hereto or are available through a public search;

- (iv) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
- (v) easements, right of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) taxes on Petroleum Substances or the income or revenue therefrom;
- (vii) governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost);
- (ix) any obligation of VHO and Dolomite or either of them or Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
- (x) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
- (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's or VHO's or Dolomite's share of the costs and expenses thereof;
- (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xiii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
- (xiv) agreements respecting the operation of Wells by contract field operators;
- (xv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
- (xvi) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets.