

Court File Number	1701- 05131	Clerk's stamp
Court	COURT OF QUEEN'S BENCH OF ALBERTA	
Judicial Centre	CALGARY	
Applicant	PRIVATE EQUITY OAK LP by its General Partner PE12PXPE (OAK) GP LTD.	
Respondents	OAK POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD. and 1NSITE TECHNOLOGIES LTD.	
Document	STATEMENT OF CLAIM	
Address for Service and Contact Information of Party Filing this Document	STIKEMAN ELLIOTT LLP Barristers & Solicitors 4300 Bankers Hall West, 888-3rd Street S.W., Calgary, Canada T2P 5C5	<div>CLERK OF THE COURT FILED APR 12 2017 JUDICIAL CENTRE OF CALGARY</div>

Attention: Guy P. Martel / David Price
gmartel@stikeman.com / dprice@stikeman.com
Tel: (514) 397-3163 / (403) 266-9093
Fax: (403) 266-9034

Lawyers for the Applicant, Private Equity Oak LP
File No.: 125561-1003

NOTICE TO THE DEFENDANT

You are being sued. You are a defendant.

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

Statement of facts relied on:

The Parties

1. The Plaintiff, Private Equity Oak LP by its General Partner PE12PXPE (Oak) GP Ltd. (the "Holder") is a limited partnership constituted under the laws of the Province of Alberta, having a registered office at 4600 Eighth Avenue Place E., 525 - 8th Avenue SW, Calgary, Alberta.
2. The Defendants, Oak Point Energy Ltd. (the "Borrower") and Kemex Ltd., Kemex Technologies Ltd. and InSite Technologies Ltd. (collectively the "Guarantors" and

each a "Guarantor") are corporations incorporated under the laws of the Province of Alberta, each having a registered office in Calgary, Alberta.

3. The Borrower and the Guarantors are part of a group of companies which carries on business as an energy service provider specializing in technology solutions for the heavy oil industry.
4. The Holder is the only registered secured creditor of the Borrower and Guarantors.

The Debenture

5. On December 23, 2013, a *Debenture* was issued by the Borrower in favor of the Holder (the "*Debenture*"). Under the terms of the *Debenture*, the Holder agreed to provide the Borrower with a 15.0% senior secured redeemable convertible debenture in the principal amount of twenty million dollars (\$20,000,000) due December 23, 2015 (the "*Initial Maturity Date*") all on the terms set out in the *Debenture*.
6. On or about May 23, 2014, the *Debenture* was amended and restated in order to, *inter alia*, increase the principal amount to twenty-two million dollars (\$22,000,000) and on or about July 4, 2014, the *Debenture* was amended and restated in order to, *inter alia*, increase the principal amount to twenty-five million dollars (\$25,000,000).
7. On or about September 28, 2015, a *Third Amended and Restated Debenture* was entered into between the Holder and the Borrower (The "*Third Amended and Restated Debenture*"). The *Third Amended and Restated Debenture* provides, *inter alia*, for an extension of the *Initial Maturity Date* to December 31, 2016 (the "*Maturity Date*").

The Security

8. As security for the payment of all amounts owed to the Holder under the *Third Amended and Restated Debenture* and all other present and future indebtedness, fees, expenses and other liabilities due by the Borrower to the Holder (collectively, the "*Obligations*"), the Borrower mortgaged and charged and granted to and in favour of the Holder a continuing first priority security interest in and to all of its present and after-acquired property, assets and undertaking (the "*Borrower Security*") including:
 - (a) all of the Borrower's right, title, estate and interest in and to the oil sands leases described in Exhibit "D" to the *Third Amended and Restated Debenture* and all extensions, renewals, replacements or amendments thereto; and
 - (b) all of the Borrower's patents, trademarks, copyrights, industrial designs software, firmware, trade secrets, know-how, show-how, concepts, information and other intellectual and industrial property included the intellectual property rights described in Exhibit "D" to the *Third Amended and Restated Debenture*.

9. On or about September 28, 2015, the Guarantors executed a *Guarantee and Security Agreement* (the "**Guarantee Agreement**") pursuant to which they agreed to irrevocably and unconditionally guarantee to the Holder the punctual, complete and irrevocable payment when due, and at all times thereafter, of all of the Borrower's obligations under the Third Amended and Restated Debenture. As continuing security for the payment of all of its obligations under the Guarantee Agreement, each Guarantor granted to the Holder a security interest over, and assigned, mortgaged, charged, hypothecated and pledged all of its property, assets, effects and undertaking, whether owned or after acquired including without limitation, accounts, general intangibles, goods (including inventory, equipment and fixtures), chattel paper, investment property, documents of title, instruments, money, cash and cash equivalents, trade-mark, copyrights, patents, license and other intellectual property or intangibles (the "**Guarantor Security**" and, together with the Borrower Security, the "**Security**").
10. The Holder perfected the Security by the following:
 - (a) registrations under the *Alberta Personal Property Security Act*, RSA 2000, c P-7; and
 - (b) registrations under the *Alberta Mines and Minerals Act*, RSA 2000, c M-17.

The Borrower's Defaults and Demand for Repayment

11. As of the date hereof, the Borrower is in default under Section 9.1(b) of the Third Amended and Restated Debenture as a result of its failure to pay the amounts owed under the Third Amended and Restated Debenture on the Maturity Date.
12. An Event of Default entitles the Holder to, among other things, seize any and all collateral, use the Security and appoint a receiver.
13. On January 26, 2017, the Holder, through its counsel, issued and delivered to the Borrower the following notices (collectively, the "**Notices**"):
 - (a) a demand for repayment of the Obligations in which the Borrower and the Guarantors were advised that an event of default had occurred and was continuing without cure under the Third Amended and Restated Debenture and Guarantee Agreement; and
 - (b) a Notice of Intention to Enforce Security pursuant to Section 244 of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, as amended, in which the Borrower and the Guarantors were formally advised that, as a result of the continuing event of default under the Third Amended and Restated Debenture, the Holder intended to enforce its rights pursuant to the Third Amended and Restated Debenture, the Guarantee Agreement and the Security (collectively with any and all agreements, documents and instruments at any time executed or delivered in connection with or related to the Third Amended and Restated Debenture and the Guarantee Agreement, the "**Loan Documents**").

14. The 10-day notice period referred to in the Notice of Intention to Enforce Security issued by the Holder has passed and the indebtedness owing by the Borrower remains outstanding.

The Indebtedness

15. Events of Default have existed under the Third Amended and Restated Debenture since at least December 31, 2016. Further, the full amount of the Borrower's indebtedness to the Holder under the Third Amended and Restated Debenture was called, due, and payable as of the Holder's demand of January 26, 2017.
16. As at March 31, 2017, the Borrower is indebted to the Holder in the amount of \$32,364,420.10 plus any applicable fees (the "Indebtedness").
17. The Borrower has not repaid any amount owing under the Third Amended and Restated Debenture, has ceased carrying on business, and is insolvent as a result of, *inter alia*, its inability to meet its obligations as they generally become due.

Procedural Issues

18. It is submitted that the Holder's claim raises no triable issues and any defence would be without merit. Accordingly, no trial will be necessary and in the event a defence is submitted by the Borrower or the Guarantors, the Holder will request an order for summary judgment.
19. In the event that a trial is ordered necessary, the Holder proposes that the trial of this action be held in the City of Calgary, in the Province of Alberta.

Remedy Sought:

20. The Holder seeks the following remedies against the Borrower and/or the Guarantors:
 - (a) a declaration that the Borrower and the Guarantors are in default under the Loan Documents and their payment of the Indebtedness to the Holder;
 - (b) a declaration as to the amounts owing to the Holder by the Borrower and the Guarantors and judgment in the amount found to be owing;
 - (c) a declaration that the Security held by the Holder against the Borrower is enforceable and that the Security constitutes valid and enforceable security in accordance with the terms thereof;
 - (d) an order for the appointment of a receiver over all of the assets, undertakings and property of the Borrower and the Guarantors or such assets, undertakings and property as the Holder may direct and deem appropriate from time to time;

- (e) interest in accordance with the terms of the Loan Documents, or, alternatively pursuant to the provisions of the *Judgment Interest Act*, RSA 2000, c J-8;
- (f) costs on a solicitor and his own client basis in accordance with the terms of the Loan Documents, or, alternatively, on a party/party basis; and
- (g) such further and other relief as this Court may deem just and appropriate.

NOTICE TO THE DEFENDANTS

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND by serving your statement of defence or a demand for notice on the plaintiff(s)' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.