

COURT FILE NUMBER **1401-01356**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLAINTIFFS LONE MOUNTAIN RESOURCES LTD., R.
 ERNIE ANDERSON AND 1404788 ALBERTA
 LTD.

DEFENDANT SEDNA OIL AND GAS LTD.

DOCUMENT **APPLICATION BY HARDIE AND
 KELLY INC. in its capacity as
 Court appointed Receiver of
 SEDNA OIL AND GAS LTD. and
 not in its personal capacity**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Robyn Gurofsky
 Borden Ladner Gervais LLP
 1900, 520 3rd Ave. S.W.
 Calgary, AB T2P 0R3
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 File No. 436743-000013

NOTICE TO RESPONDENT(S)

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

You have the right to state your side of this matter before the master/judge.

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

Date May 30, 2014
Time 10:00 o'clock a.m.
Where Calgary Courts Centre, 601 – 5th Street, S.W., Calgary, Alberta

Before Whom: The Honourable Justice P.R. Jeffrey

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

Remedy claimed or sought:

1. An Order abridging, if necessary, the time for service of this Application and supporting materials, and declaring service of same to be good and sufficient;
2. An Order, substantially in the form attached hereto as Schedule "A":
 - (a) Authorizing and approving the purchase and sale agreement (the "PSA") between the Westhill Consortium, as such term is defined in the First Report of the Receiver dated May 23, 2014 (the "First Report"), and Hardie and Kelly Inc. in its capacity as Court appointed receiver (the "Receiver") of Sedna Oil and Gas Inc. ("Sedna"), approving the sale of certain of Sedna's oil and gas interests known as the Meekwap Properties which include three well licences and three facility licences on the terms substantially in the form of PSA attached as Appendix "A" to the Confidential Report of the Receiver; and
 - (b) Approving the Receiver's proposal for distribution of the gross sale proceeds from the sale of the Meekwap Properties to the Alberta Energy Regulator (the "AER");
3. Approving the Receiver's proposal to turn over the Unrealizable Properties, as defined in the First Report, to the AER for its further handling;
4. An Order, substantially in the form attached hereto as Schedule "B", authorizing and approving the General Conveyance and Assignment of Interest of Sedna's non-operated working interests in the Ronalane and Retlaw properties to Petro Viking Management Corp. on the terms substantially in the form of General Conveyance attached as Appendix "B" to the Confidential Report of the Receiver;
5. An Order directing that the Confidential Supplemental Report dated May 23, 2014 be sealed for purposes of maintaining the integrity of the sales process; and
6. Such further and other relief as counsel may advise and this Honourable Court permit.

Grounds for making this application:

7. On February 19, 2014, Hardie & Kelly Inc. was appointed as receiver and manager of the current and future assets, property and undertakings of Sedna.
8. Sedna holds interests and serves as the designated operator of oil and gas properties located in the areas of Viking Kinsella, Meekwap, Gordondale, Culp/Swanhills and Provost and holds licences in respect of its interests issued by the AER. Sedna also holds non-operating working interests in properties located at Ronalane, Retlaw and Provost East.
9. On November 30, 2013, prior to the appointment of the Receiver, the AER issued Closure Orders directing the immediate suspension and closure of Sedna's licenced properties for failure to provide payment of the required Licencess Liability Rating ("LLR") security deposit which obligation currently approximates \$2.6 million. Sedna was unable to fund the required security deposit and as a result, the wells operated by Sedna have been shut in and day to day operations ceased prior to the receivership date.
10. The Receiver engaged Cord Resource Management Limited ("Cord") to assist in overseeing and administering the oil and gas operations, with a view to marketing and selling the assets. The Receiver and Cord also entered into various discussions with the AER to determine an appropriate course of action with respect to the sale of Sedna's oil and gas interests.
11. The Receiver commenced a sales tender process on March 13, 2014, the details of which are outlined in the First Report and the Confidential Report of the Receiver. As a result of the marketing process, which was fair and reasonable in the circumstances, multiple parties submitted offers to the Receiver by the bid deadline.
12. Prior to accepting any offers, the Receiver and Cord met with the AER to determine the AER's position vis a vis the offers, as the Receiver was not in a position to accept any offers absent the AER's agreement to transfer the respective licenses to prospective purchasers.
13. The AER has agreed to permit the transfer of the licenses associated with the Meekwap Properties to the Westhill Consortium pursuant to certain conditions and as such, the Receiver has conditionally accepted the Westhill Consortium offer.

14. The Receiver has also conditionally accepted an offer from Petro Viking Management Corp. to purchase certain of Sedna's non-operated working interests in the Ronalane and Retlaw properties.
15. After exhausting all reasonable sales efforts, the Receiver did not receive any workable offers for Sedna's licensed interests in Viking Kinsella, Byemoore, Culp/Swan Hills, Gordondale or Provost. As such, the Receiver is proposing to turn over these properties to the AER for further handling.
16. The relief requested by the Receiver is fair, reasonable and in the best interests of the receivership estate in the circumstances.
17. Such further and other grounds as counsel may advise and this Honourable Court permit.

Material or evidence to be relied on:

18. The First Report of the Receiver filed May 23, 2014;
19. The Confidential Supplemental Report of the Receiver (unfiled); and
20. Such further and other material or evidence as counsel may advise and this Honourable Court permit.

Applicable rules:

21. The Alberta *Rules of Court*, Alta Reg 124/2010 including but not limited Rule 6.28(b) and such further and other rules as counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

22. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and such further and other acts or regulations as counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

23. n/a

How the application is proposed to be heard or considered:

24. In person, on evidence contained in the First Report and the Confidential Supplemental Report, before the Honourable Justice P. Jeffrey.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the 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"

COURT FILE NUMBER **1401-01356**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

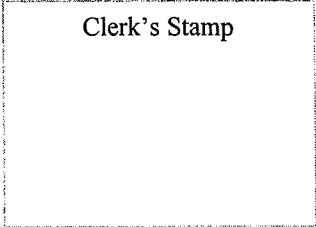
JUDICIAL CENTRE Calgary

PLAINTIFFS LONE MOUNTAIN RESOURCES LTD., R.
 ERNIE ANDERSON AND 1404788 ALBERTA
 LTD.

DEFENDANT SEDNA OIL AND GAS LTD.

DOCUMENT **ORDER**

 (Sale Approval of Meekwap Properties)



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT Robyn Gurofsky
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 Facsimile: (403) 266-1395
 Email: RGurofsky@blg.com
 File No. 436743-000013

DATE ON WHICH ORDER WAS PRONOUNCED: May 30, 2014

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice P.R. Jeffrey

UPON THE APPLICATION of Hardie and Kelly Inc. in its capacity as court appointed receiver and manager of Sedna Oil and Gas Ltd. (the "Receiver"); **AND UPON** having read the First Report of the Receiver dated May 23, 2014 (the "First Report") and the Confidential Supplemental Report of the Receiver also dated May 23, 2014; **AND UPON** hearing the submissions of counsel for the Receiver and any other counsel in attendance at the application; **AND UPON** having read the pleadings and proceedings herein, including the Receivership Order dated February 19, 2014; **IT IS HEREBY ORDERED THAT:**

Service

1. The time for service of notice of this Application for this Order is hereby abridged and deemed to be good and sufficient and this Application is properly returnable today.
2. Service of this Order may be effected on the Service List and on any additional parties in attendance at this application.

Defined Terms

3. All undefined capitalized terms contained in this order shall have the meaning ascribed to them in the Purchase and Sale Agreement attached as Appendix "A" to the Confidential Supplemental Report.

Approval of Transaction

4. The Purchase and Sale Agreement (the "PSA") between the Westhill Consortium and the Receiver, which PSA is substantially in the form attached as Appendix "A" to the Confidential Supplemental Report of the Receiver, including the purchase and sale of the Meekwap Properties more particularly described in Schedule "A" hereto, is hereby approved and ratified. Any other offers with respect to the Meekwap Properties are hereby rejected.
5. The Receiver is hereby authorized to conclude the transaction contemplated by the PSA (the "Transaction") and to take all such steps and execute all such documents as may reasonably be necessary to complete the Transaction substantially in accordance with its terms, subject to such amendments as the parties thereto may approve which do not materially and adversely alter the Transaction.

Vesting of Assets

6. Upon Closing, all of Sedna's right, title and interest, estate and equity of redemption in and to the Assets shall be vested in the name of Westhill Resources Limited ("Westhill") on its own behalf and on behalf of the other purchasers forming the Westhill Consortium in accordance with the terms of the PSA, free and clear of and from any and all claims by, through or under Sedna, and free and clear of and from all encumbrances, claims, security interests, security notices, statements of claim, mortgages, charges, liens (including without limitation statutory and builders' liens) and other interests whatsoever, howsoever and whensoever created or arising

against Sedna's interest in the Assets (collectively, the "Claims"), save and except for the Permitted Encumbrances.

7. The Westhill Consortium shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims
8. Other than a certified copy of this Order, no further authorization or approval or other action by any governmental authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by the Receiver of the PSA and the Closing and post-Closing implementation of the Transaction.
9. The Receiver is authorized to deliver to Westhill at Closing a general conveyance in the manner and form provided for in the PSA, and upon the filing of a certified copy of this Order, the appropriate government authorities are hereby directed to register such transfers, discharges, discharge statements or conveyances as may be required to convey clear title to the Assets to the Westhill Consortium save and except for the Permitted Encumbrances.
10. All costs, fees and disbursements associated with the conveyance to and registration of the Assets to and in the name of Westhill shall be borne by the Westhill Consortium in accordance with the PSA.
11. Any transfers, assignments or other conveyances in respect of the Assets to be registered at any Land Titles Office or with the AER or any other governmental agency shall be deemed to be validly executed if signed in the following manner:

Hardie and Kelly Inc., in its capacity as
receiver and manager of Sedna Oil and
Gas Ltd., and not in its personal capacity

Per: _____
Marc Kelly

Distribution of Sale Proceeds

12. The gross proceeds arising out of the Transaction shall be paid by the Receiver directly to the AER to reduce the current deemed liability related to the LLR program in respect of Sedna's remaining licences.

Leave to Apply

13. The Receiver and Westhill are hereby authorized and given leave to apply to this Honourable Court for any order that may be required or necessary to give effect to the terms of the PSA and the terms of this order.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "B"

COURT FILE NUMBER **1401-01356**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE Calgary

PLAINTIFFS LONE MOUNTAIN RESOURCES LTD., R.
 ERNIE ANDERSON AND 1404788 ALBERTA
 LTD.

DEFENDANT SEDNA OIL AND GAS LTD.

DOCUMENT **ORDER**

Clerk's Stamp

**(Approval of General Conveyance of Working
Interest in Ronalane and Retlaw Properties)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Email: RGurofsky@blg.com
File No. 436743-000013

DATE ON WHICH ORDER WAS PRONOUNCED: May 30, 2014

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice P.R. Jeffrey

UPON THE APPLICATION of Hardie and Kelly Inc. in its capacity as court appointed receiver and manager of Sedna Oil and Gas Ltd. (the "Receiver"); **AND UPON** having read the First Report of the Receiver dated May 23, 2014 (the "First Report") and the Confidential Supplemental Report of the Receiver also dated May 23, 2014; **AND UPON** hearing the submissions of counsel for the Receiver and any other counsel in attendance at the application; **AND UPON** having read the pleadings and proceedings herein, including the Receivership Order dated February 19, 2014; **IT IS HEREBY ORDERED THAT:**

Service

1. The time for service of notice of this Application for this Order is hereby abridged and deemed to be good and sufficient and this Application is properly returnable today.
2. Service of this Order may be effected on the Service List and on any additional parties in attendance at this application.

Defined Terms

3. All undefined capitalized terms contained in this order shall have the meaning ascribed to them in the General Assignment and Conveyance of Interest attached as Appendix "B" to the Confidential Supplemental Report of the Receiver.

Approval of Transaction

4. The General Assignment and Conveyance of Interest (the "Assignment and Conveyance") between the Receiver and Petro Viking Management Corp. ("Petro Viking"), which Assignment and Conveyance is substantially in the form attached as Appendix "B" to the Confidential Supplemental Report of the Receiver, including the assignment and conveyance of the Ronalane and Retlaw Properties more particularly described in Schedule "A" hereto, is hereby approved and ratified.
5. The Receiver is hereby authorized to conclude the transaction contemplated by the Assignment and Conveyance (the "Transaction") and to take all such steps and execute all such documents as may reasonably be necessary to complete the Transaction substantially in accordance with its terms, subject to such amendments as the parties thereto may approve which do not materially and adversely alter the Transaction.

Vesting of Assets

6. Upon Closing, all of Sedna's right, title and interest, estate and equity of redemption in and to the Assets shall be vested in the name of Petro Viking on an "as is where is" basis, without warranty of title and Petro Viking shall receive the Assets subject to all associated leases and agreements pertaining to the Assets and further subject to all applicable encumbrances including without limiting all applicable lessor and gross overriding royalties.

7. Other than a certified copy of this Order, no further authorization or approval or other action by any governmental authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by the Receiver of the Assignment and Conveyance and the Closing and post-Closing implementation of the Transaction.
8. The Receiver is authorized to deliver to Petro Viking at closing the appropriate transfer form in the manner provided for in the Assignment and Conveyance, and upon the filing of a certified copy of this Order, the appropriate government authorities are hereby directed to register such transfers, discharges, discharge statements or conveyances as may be required to convey title to the Assets to Petro Viking.
9. All costs, fees and disbursements associated with the conveyance to and registration of the Assets to and in the name of Petro Viking shall be borne by Petro Viking.
10. Any transfers, assignments or other conveyances in respect of the Assets to be registered at any Land Titles Office or with the AER or any other governmental agency shall be deemed to be validly executed if signed in the following manner:

Hardie and Kelly Inc., in its capacity as
receiver and manager of Sedna Oil and
Gas Ltd., and not in its personal capacity

Per: _____
Marc Kelly

Leave to Apply

11. The Receiver and Petro Viking are hereby authorized and given leave to apply to this Honourable Court for any order that may be required or necessary to give effect to the terms of the Assignment and Conveyance and the terms of this order.

Justice of the Court of Queen's Bench of Alberta