

COURT FILE NUMBER 1601-11708

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

**IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC 1985, c C-
36, as amended**

**AND IN THE MATTER OF A PLAN OF
ARRANGEMENT OF QUATTRO EXPLORATION
AND PRODUCTION LTD.**

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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AFFIDAVIT OF LEONARD B. VAN BETUW

Sworn on September 27, 2016

I, LEONARD B. VAN BETUW, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Executive Officer, as well as a Director and the Chairman of the Board of Directors, of Quattro Exploration and Production Ltd. ("**Quattro**"). As such, I have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I verily believe the same to be true.

2. I swore an Affidavit in this action on September 8, 2016 (the "**Initial Van Betuw Affidavit**"). Where capitalized terms are not defined in this Affidavit, they shall have the meanings ascribed to them in the Initial Van Betuw Affidavit.
3. All references to dollar amounts contained herein are to Canadian Dollars unless otherwise stated.

I. RELIEF REQUESTED

4. This Affidavit is made in support of an application by Quattro for an Order (the "**Extension Order**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") to extend the Stay Period in favor of Quattro granted by this Honourable Court on September 8, 2016. The Initial Order stayed all proceedings related to Quattro until October 8, 2016. Quattro requests, among other things:

- (a) the extension of the stay period from October 8, 2016 to November 30, 2016 (the "**Stay Extension Period**"); and
- (b) such further and other relief as this Honourable Court deems just.

II. THE STAY EXTENSION PERIOD

5. Since the granting of the Initial Order, Quattro has taken significant steps to advance these restructuring proceedings, including but not limited to:
 - (a) cooperating with the Monitor to facilitate its monitoring of Quattro's business and operations;
 - (b) communicating with Quattro's primary creditors and stakeholders and their advisors regarding the sale and investor solicitation process (the "**SISP**") and a plan of compromise or arrangement;
 - (c) working diligently and in good faith to conduct the SISP, of which, the execution of finalized definitive agreements of successful bids are anticipated on or before December 19, 2016;

- (d) engaging of Durham Capital Canada Corporation ("**Durham Capital**") to serve as investment advisor of Quattro to assist in pursuing a transaction for investment by way of senior or junior private debt in the business and operations of Quattro pursuant to the SISP and SISP Procedures (as defined in the SISP);
 - (e) engaging of NRG Divestitures Inc. ("**NRG**"; together with Durham Capital the "**Sales Advisors**") to serve as strategic advisor and sales agent of Quattro to assist in the sale of certain of the Alberta Assets pursuant to the SISP and SISP Procedures;
 - (f) continuing to operate and manage Quattro's business in the ordinary course, subject to the terms of the Initial Order.
6. As noted, Quattro with the assistance of the Sales Advisors has continued to conduct the SISP in accordance with the SISP Procedures in order to seek a sale of certain of its Assets and attract additional investment in the business and operations of Quattro. It is expected that, subject to the approval of this Honourable Court, any transactions occurring as a result of the SISP will close on or before January 31, 2017.
7. Quattro believes that extending the stay period for the Stay Extension Period will provide Quattro with the additional time necessary to continue to advance, the elements of the SISP.
8. Quattro further intends to use the Stay Extension Period to continue to advance and continue to hold discussions with Quattro's primary creditor groups to discuss a plan of compromise or arrangement.

III. CASH FLOW DURING STAY EXTENTION PERIOD

9. As was set out in the Initial Van Betuw Affidavit, Quattro's principal use of cash during these proceedings will consist of the payment of ongoing day-to-day operational expenses, office related expenses, and the professional fees and disbursements in connection with the CCAA proceedings.

10. Quattro in conjunction with the Monitor has prepared a revised cash flow statement covering the Stay Extension Period. Attached hereto and marked as Exhibit "A" is a copy of the revised cash flow statement. It is my understanding that Quattro will have sufficient cash flow to fund its operations during the Stay Extension Period.

IV. CONCLUSION

11. Based upon the foregoing, I believe Quattro is acting in good faith and with due diligence in the CCAA proceedings.

12. I swear this Affidavit in support of an Application for the relief set out in paragraph 4 above and for no other or improper purpose.

SWORN (OR AFFIRMED) BEFORE ME)
at Calgary, Alberta this 27th day of)
September, 2016.)
_____)
A Commissioner for Oaths)
in and for Alberta)
)


_____)
LEONARD B. VAN BETUW)

RYAN ZAHARA
Barrister & Solicitor

Quattro Exploration and Production Ltd.
 Cash Flow forecast
 Prepared September 27th, 2016 For the 14 weeks ended December 31st, 2016
 (Unaudited - prepared by management)


	Week of 25-Sep-16	Week of 3-Oct-16	Week of 10-Oct-16	Week of 17-Oct-16	Week of 24-Oct-16	Week of 31-Oct-16	Week of 7-Nov-16	Week of 14-Nov-16	Week of 21-Nov-16	Week of 28-Nov-16	Week of 5-Dec-16	Week of 12-Dec-16	Week of 19-Dec-16	Total (forecast)
Receipts														
Production revenues	562,796	47,600	-	-	688,436	-	-	-	818,952	-	-	-	578,264	2,648,448
Miscellaneous	562,796	47,600	-	-	688,436	-	-	-	818,952	-	-	-	578,264	2,696,048
Disbursements														
Royalties	-	-	(28,000)	-	-	-	-	(28,800)	-	-	-	(28,800)	-	(85,600)
OPEX	(138,722)	(147,015)	(147,015)	(147,015)	(147,015)	(147,015)	(122,194)	(122,194)	(122,194)	(122,194)	(122,194)	(122,194)	(122,194)	(1,730,156)
Transportation	(18,258)	(19,890)	(19,890)	(19,890)	(19,890)	(19,890)	(25,452)	(25,452)	(25,452)	(25,452)	(25,452)	(25,452)	(25,452)	(295,872)
G&A	(238,000)	-	-	-	-	(238,000)	-	-	-	(238,000)	-	-	-	(690,000)
Restructuring	(75,000)	-	-	-	-	(100,000)	-	-	-	(100,000)	-	-	-	(275,000)
	(452,980)	(166,905)	(194,905)	(166,905)	(166,905)	(496,905)	(147,646)	(176,446)	(147,646)	(477,646)	(147,646)	(176,446)	(147,646)	(3,076,630)
Investing														
DIP Financing - tranche 1	-	-	200,000	200,000	-	-	150,000	150,000	-	-	-	150,000	-	850,000
DIP Financing - tranche 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	200,000	200,000	-	-	150,000	150,000	-	-	-	150,000	-	850,000
Financing														
Interest payments	-	-	(64,798)	-	-	-	-	(64,798)	-	-	-	(64,798)	-	(194,393)
	-	-	(64,798)	-	-	-	-	(64,798)	-	-	-	(64,798)	-	(194,393)
Cash - beginning	173,868	273,684	154,379	84,675	127,769	649,299	152,394	154,746	63,504	734,810	257,164	109,518	18,274	173,868
Cash - closing	273,684	154,379	84,675	127,769	649,299	152,394	154,746	63,504	734,810	257,164	109,518	18,274	448,892	448,892

QUATTRO EXPLORATION AND PRODUCTION LTD.


 Perik van Betuw
 President & CEO

September 27th, 2016
 Calgary, Alberta

THIS IS EXHIBIT "A"
 referred to in the Affidavit of
 Leonard Van Betuw
 Sworn before me this 27th
 day of September A.D. 2016


 A COMMISSIONER FOR OATHS
 IN AND FOR ALBERTA

RYAN ZAHARA
 Barrister & Solicitor