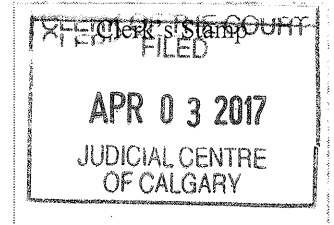


COURT FILE NUMBER 1701-00143
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA
DEFENDANT QUATTRO EXPLORATION AND PRODUCTION LTD.
DOCUMENT APPLICATION BY RECEIVER:
APPROVAL OF SALE PROCESS
PROCEDURE AND ENGAGEMENT OF
SALES ADVISOR



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No. 436743-000019

NOTICE TO RESPONDENTS: See Service List, Schedule "A" to this Application

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 April 12, 2017
Time 2:00 p.m.
Where Calgary Courts Centre, 601-5th Street SW, Calgary AB
Before Whom The Honourable Justice K.D. Yamauchi

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. Hardie & Kelly Inc., in its capacity as the court-appointed receiver and manager (the “**Receiver**”) of Quattro Exploration and Production Ltd. (“**Quattro**”), seeks an Order substantially in the form attached hereto as **Schedule “B”**:
 - (a) Declaring service of this Application good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;
 - (b) Approving the Sales Process Procedure (the “**SPP**”) as described and attached as **Appendix “C”** to the First Report of the Receiver, dated April 3, 2017 (the “**First Report**”);
 - (c) Approving the proposed engagement letter between Sayer Energy Advisors (the “**Sales Advisor**”) and the Receiver dated March 29, 2017 whereby, among other things, the Sales Advisor has agreed to assist the Receiver in carrying out the SPP (the “**Engagement Letter**”), and as attached as **Confidential Appendix “B”** to the First Report (“**Confidential Appendix**”); and
 - (d) Sealing the Confidential Appendix.
2. Such further and other relief as Counsel may advise and this Honourable Court permit.

Grounds for making this application:

Background

3. Prior to the Receivership Order, Quattro was engaged in the exploration and production of oil and gas projects in Western Canada. As of the granting of the Receivership Order, Quattro had an interest in approximately 72 producing wells in Alberta, Saskatchewan and British Columbia. Quattro’s operations produced approximately 1,000 barrels of oil equivalent per day.
4. Prior to the granting of the Receivership Order, Quattro was experiencing financial difficulties due primarily to the extended depressed market prices for oil and gas. On August 10, 2016 Quattro commenced restructuring proceedings by filing a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy & Insolvency Act* (“**BIA**”), and Hardie & Kelly Inc. (“**HKI**”) consented to act as proposal trustee. On September 8, 2016 the Court granted Quattro’s application pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**”) to transfer its restructuring proceedings from the BIA to the CCAA and the Court issued an order (the “**Initial Order**”) providing certain relief to Quattro, including extending the stay of proceedings originally established under the BIA proceedings and appointing HKI as monitor.

5. Due to insufficient liquidity, Quattro was unable to continue the restructuring process prompting its primary secured lender, the Business Development Bank of Canada (“**BDC**”), to successfully petition Quattro into receivership pursuant to an Order of this Honourable Court dated February 2, 2017 (the “**Receivership Order**”).
6. The Receivership Order appointed the Receiver as receiver and manager of Quattro. Since its appointment, the Receiver has continued to operate Quattro’s business.

Sales Process Procedure

7. Throughout Quattro’s CCAA proceedings, Quattro retained two financial advisors to assist it with a sales and investment solicitation process (the “**CCAA SISP**”). One advisor was retained with respect to potential asset sales of Quattro and one advisor was retained with respect to restructuring opportunities. While the CCAA SISP resulted in the Court approved sale of one of Quattro’s non-core assets, it did not otherwise result in the sale of any other assets.
8. In an effort to ensure the market for Quattro’s assets is fully canvassed, the Receiver is seeking this Court’s approval to commence a new SPP.
9. Pursuant to the Receivership Order, the Receiver is authorized to sell, convey, transfer lease or assign Quattro’s property.
10. The Receiver believes that the SPP, as proposed, is the most commercially reasonable manner in which to maximize the value to all of Quattro’s stakeholders.
11. As a result, the Receiver, with the support of BDC, is seeking approval of the SPP.

Engagement of a Sales Advisor

12. The Receivership Order permits the Receiver to engage consultants and such other persons as are necessary to assist the Receiver with the exercise of its powers and duties, including those conferred by the Receivership Order.
13. The Receiver believes that the appointment of a formal sales advisor would be appropriate in the circumstances and add value to any marketing process undertaken in the within proceedings.

14. As a result, the Receiver proposed to retain the Sales Advisor pursuant to the terms of the Engagement Letter to assist the Receiver in carrying out the contemplated SPP. The Receiver anticipates that the Sales Advisor will add value and lend efficiencies to the SPP.
15. It is fair and reasonable and in the best interests of Quattro's stakeholders that the Engagement Letter be approved in order to carrying out the terms of the SPP.
16. As a result, the Receiver, with the support of BDC, is seeking the approval of the Engagement Letter.
17. The Engagement Letter is the result of a bidding process undertaken by the Receiver with respect to the engagement of a financial advisor. As such, it contains commercially sensitive information. A sealing order is the least restrictive means to prevent the dissemination of this information.

Material or evidence to be relied on:

18. The First Report of the Receiver, dated April 3, 2017.
19. The pleadings previously filed in these proceedings.
20. Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

21. *Alberta Rules of Court*, AR 124/2010, and in particular Rules 1.3, 3.75, 6.3, 6.4, 11.27, 11.29 and 13.5.
22. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
23. Such further and other rules as Counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

24. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.
25. Such further and other acts and regulations as Counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

26. None.

How the application is proposed to be heard or considered:

27. In person before the Honourable Justice K.D. Yamauchi with some or all of the parties' present.

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" Service List

COURT FILE NUMBER 1701-00143

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE Calgary

PLAINTIFF **BUSINESS DEVELOPMENT
BANK OF CANADA**

DEFENDANT **QUATTRO EXPLORATION AND
PRODUCTION LTD., QUATTRO
INNOVATIONS INC. and
QUATTRO GUATEMALA S.A.**

Clerk's Stamp

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<p>ENSIGN WELL SERVICING PARTNERSHIP</p> <p>SUZANNE DAVIES E-mail : suzanne.davies@ensignenergy.com</p>			Ensign Well Servicing Partnership

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<p>TINGLE MERRETT LLP 1250, 639-5 Avenue SW Calgary, AB T2P 0M9</p> <p>Scott Reeves Email: sreeves@tinglemerrett.com</p>	(403) 571-8015	(403) 571-8008	Quattro's Corporate Counsel

Schedule "B" Form of Order

COURT FILE NUMBER **1701-00143**

COURT **COURT OF QUEEN'S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

PLAINTIFF **BUSINESS DEVELOPMENT BANK OF CANADA**

DEFENDANT **QUATTRO EXPLORATION AND PRODUCTION LTD.**

DOCUMENT **ORDER APPROVING SALES PROCESS PROCEDURE AND THE ENGAGEMENT OF SALES ADVISOR**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Jessica L. Cameron
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Email: jcameron@blg.com
File No. 436743-000019

DATE ON WHICH ORDER WAS PRONOUNCED: April 12, 2017

NAME OF JUSTICE WHO MADE THE ORDER: The Honourable Justice K.D. Yamauchi

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Hardie & Kelly Inc., in its capacity as the court-appointed receiver and manager (the “Receiver”) of Quattro Exploration and Production Ltd. (the “Debtor” or “Quattro”); AND UPON having read the First Report of the Receiver dated April 3, 2017, filed (the “First Report”), the Affidavit of Service of [●], filed, and the pleadings and proceedings filed herein, including the Receivership Order granted on February 2, 2017; AND UPON hearing from counsel for the Receiver and counsel for any other interested parties appearing at the hearing of this application:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of this application together with all supporting materials is hereby declared to be good and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

2. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the sales process procedure (the “SPP”) attached hereto as **Schedule “A”**.
3. The SPP, as attached hereto as Schedule “A”, is hereby approved. The Receiver is hereby authorized and directed to implement the SPP and do all things as are reasonably necessary to conduct and give full effect to the SPP and carry out its obligations thereunder, including seeking approval of this Court following the selection of a Successful Bid under the SPP.
4. The engagement letter between Sayer Energy Advisors (the “**Sales Advisor**”) and the Receiver dated March 29, 2017 and as attached to the First Report as Confidential Appendix “B” (the “**Engagement Letter**”) is hereby approved. The Receiver is hereby authorized and directed to do all things as are reasonably necessary to conduct and give effect to the Engagement Letter and carry out its obligations thereunder, including payment of amounts due to be paid pursuant to the terms of the Engagement Letter.
5. The Sales Advisor, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Receiver as sales advisor or any matter referred to in the Engagement Letter except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Sales Advisor in performing its obligations under the Engagement Letter.

Miscellaneous Matters

6. Service of this Order shall be deemed good and sufficient by serving the same on:
 - a) the persons listed on the service list (attached as Schedule “A” to the Application); and
 - b) by posting a copy of this Order on the Receiver’s website at: <http://relieffromdebt.ca/quattro-exploration-production-ltd/>
7. No other persons are entitled to be served with a copy of this Order.
8. Service of this Order shall be deemed good and sufficient regardless of whether service is effected by PDF copy attached to email, facsimile, courier, personal deliver or ordinary mail.