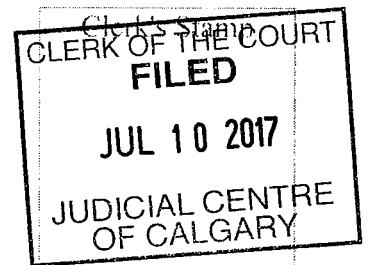


COURT FILE NUMBER 1701-05559
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF TOPANGA RESOURCES LTD.
DEFENDANT VERITY ENERGY LTD.



DOCUMENT **APPLICATION
(Distribution Order)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Osler, Hoskin & Harcourt LLP**
Suite 2500, TransCanada Tower
450 – 1st Street SW
Calgary, Alberta T2P 5H1

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Matter: 1181533

NOTICE TO RESPONDENTS

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

You have the right to state your side of this matter before the Justice.

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

Date: July 18, 2017
Time: 10:00 a.m.
Where: Calgary Courts Centre, 601 – 5th Street SW, Calgary, AB
Before Whom: The Honourable Mr. Justice K. D. Yamauchi

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

Order Sought:

1. An order substantially in the form attached hereto as **Schedule “A”**:
 - a. dispensing with service of this Application on all parties entitled to service thereof or abridging the time for service to the time given, and deeming service to be good and sufficient in all cases;
 - b. approving the distribution of the proceeds of sale (“Sale Proceeds”) of the Property (as that term is defined in the April 28, 2017 Receivership Order in the within Action) in accordance with the distribution schedule (“Distribution Schedule”) set out in the Second Report of the Receiver;
 - c. granting such further and other relief as counsel may request and this Honourable Court may deem just.

Grounds for making this application:

1. On April 28, 2017 Hardie & Kelly Inc. (the “Receiver”) was appointed Receiver of certain interests in the Sexsmith Plant and related assets (collectively, the “Property”) belonging to Verity Energy Ltd. (“Verity”) as more particularly described in the April 28, 2017 Receivership Order in the within Action;
2. Prior to the appointment of the Receiver, the Plaintiff Topanga Resources Ltd. had engaged NRG Divestitures Inc. (“NRG”) to market the Property;
3. NRG canvassed the market and received a number of bids for the Property, and selected the bid made by Husky Oil Operations Limited or its nominee (the “Purchaser”) as the highest and best bid received for the Property;
4. The Receiver reviewed the marketing process undertaken by NRG and was of the view that this marketing process reasonably canvassed the market and was reasonable and appropriate in the circumstances;

5. On or about May 29, 2017 the Receiver and the Purchaser entered into a Purchase and Sale Agreement (the “PSA”) in respect of the Property, and pursuant to which the Receiver proposed to sell and the Purchaser proposed to purchase the Property;
6. On June 6, 2017 this Honourable Court approved the sale of the Property to the Purchaser in accordance with the terms of the PSA. The transaction contemplated by the PSA closed on June 8, 2017 with the payment by the Purchaser of the purchase price contemplated under the PSA (plus GST) being paid by the Purchaser to the Receiver;
7. The distribution of the Sale Proceeds as proposed in the Distribution Schedule is fair and reasonable and in accordance with the priorities of claims which have been advanced against the Sale Proceeds;
8. Such further and other grounds as counsel may recommend and this Honourable Court may permit.

Affidavit or other Evidence and Materials to be used in Support of this Application:

9. The Affidavit of Denny Chow, sworn July 6, 2017, filed;
10. The Second Report of the Receiver, to be filed; and
11. Such further and other evidence or materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

12. The *Alberta Rules of Court*, Alta Reg. 124/2010.

Applicable Acts and Regulations:

13. The *Bankruptcy and Insolvency Act*, RSC 1985, chap. B-3, as amended.
14. The *Judicature Act*, RSA 2000, c J-2, as amended.

Any Irregularity Complained of or Objection Relied On:

15. None.

How the Application is Proposed to be Heard or Considered:

16. In person

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 1701-05559
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF TOPANGA RESOURCES LTD.
DEFENDANT VERITY ENERGY LTD.

Clerk's Stamp

DOCUMENT **DISTRIBUTION ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Osler, Hoskin & Harcourt LLP**
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Solicitors: Randal Van de Mosselaer
Phone: 403.260.7060
Fax: 403.260.7024
Email: RVandemosselaer@osler.com
Matter: 1181533

DATE ON WHICH ORDER WAS PRONOUNCED: July 18, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice K. D. Yamauchi

UPON THE APPLICATION by Hardie & Kelly Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the Property (as that term is defined in April 28, 2017 Receivership Order in the within Action) for an order approving and directing the distribution of the proceeds of sale (the "Sale Proceeds") of the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Husky Oil Operations Limited or its nominee dated May 29, 2017 and appended to the First Report of the Receiver dated May 30, 2017, which Transaction and Sale Agreement were approved by Order (the "Sale Approval and Vesting Order") of this Honourable Court granted on June 6, 2017;

SCHEDULE "A"

AND UPON HAVING READ the Receivership Order dated April 28, 2017, the Sale Approval and Vesting Order, and the Second Report of the Receiver (the “**Second Receiver’s Report**”); **AND UPON HEARING** the submissions of counsel for the Receiver, counsel for Topanga Resources Ltd., and counsel for other interested parties appearing at the hearing of this application;

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.

DISTRIBUTION OF SALE PROCEEDS

2. The Receiver is hereby authorized and directed to distribute the Sale Proceeds in accordance with the Distribution Schedule which is set out as Schedule “A” to the Second Receiver’s Report.

MISCELLANEOUS MATTERS

3. Any 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.
4. 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 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 and 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.

SCHEDULE "A"

5. 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.
6. Service of this Order on any party not attending this application is hereby dispensed with.

J.C. C.Q.B.A.