

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

CLERK OF THE COURT
FILED
SEP 21 2017
JUDICIAL CENTRE
OF CALGARY

DOCUMENT **APPLICATION**
Final Distribution, Approval of
Accounts, and Discharge of Receiver

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

Solicitors: Randal Van de Mosselaer
Phone: 403.260.7060
Fax: 403.260.7024
Email: RVandemosselaer@osler.com
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: October 4, 2017

Time: 11:30 a.m.

Where: Calgary Courts Centre, 601 – 5th Street SW, Calgary, AB

Before Whom: The Honourable Madam Justice G.A. Campbell

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

Order Sought:

1. Hardie & Kelly Inc. (the “**Receiver**”), in its capacity as court appointed receiver of certain non-operated interests in the Sexsmith Plant located at 04-08-075-7W6 and related assets (collectively, the “**Property**”), belonging to Verity Energy Ltd. (“**Verity**”), as defined at Schedule “A” to the Order of the Honourable Madam Justice Horner, granted April 28, 2017 (the “**Receivership Order**”), seeks 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 Receiver’s Statement of Receipts and Disbursements for the period ended September 19, 2017, as set out in the Third Report of the Receiver, dated September 20, 2017 (the “**Third Report**”), and authorizing and directing the Receiver to make the distributions set out in paragraph 25 of the Third Report;
 - c. approving the Receiver’s accounts and the accounts of its independent legal counsel, Osler Hoskin & Harcourt LLP, and its conflict counsel, Cassels Brock LLP, inclusive of accrual for the fees and disbursements of the Receiver and those of its legal counsel in connection with the completion of these proceedings, including costs of this Application, all as set out in the Third Report;
 - d. approving the actions, conduct and activities of the Receiver as outlined in the Third Report and all previous reports filed by the Receiver in these receivership proceedings;
 - e. declaring that the Receiver has duly and properly discharged its duties, responsibilities and obligations as Receiver;
 - f. discharging and releasing the Receiver from any and all further obligations as Receiver and any and all liability in respect of the discharge of the Receiver’s duties as court-appointed receiver of the Property, save and except for any liability arising out of fraud or gross negligence or wilful misconduct on the part of the Receiver; and

- g. 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, the Receiver was appointed receiver of the Property pursuant to the Receivership Order.
2. Apart from minor administrative matters outlined in the Third Report, the Receiver has performed its mandate as Receiver under the Receivership Order. The realization of the Property is complete and, apart from attending to (i) the remittance of GST to Canada Revenue Agency, (ii) maintaining a holdback of \$18,000 (in respect of unbilled and estimated costs to be incurred through to the full completion of the administration of the estate) and (iii) the further distribution proposed to Topanga Resources Ltd., proceeds from the Property have been distributed to Verity's creditors in accordance with the Distribution Order of this Honourable Court, granted July 18, 2017.
3. It is appropriate that the Receiver be discharged as Receiver of Verity once these final administrative matters have been completed.

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

4. The Third Report and all previous materials filed by the Receiver in these receivership proceedings; and
5. Such further and other evidence or materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

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

Applicable Acts and Regulations:

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

Any Irregularity Complained of or Objection Relied On:

9. None.

How the Application is Proposed to be Heard or Considered:

10. In person before the Honourable Madam Justice G. A. Campbell sitting on the commercial list on October 4, 2017 at 11:30 a.m.

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 **ORDER**
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Accounts, and Discharge of Receiver

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Suite 2500, TransCanada Tower
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Calgary, Alberta T2P 5H1

Solicitors: Randal Van de Mosselaer
Phone: 403.260.7060
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Matter: 1181533

DATE ON WHICH ORDER WAS PRONOUNCED: October 4, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
601 – 5th Street SW
Calgary, AB T2P 5P7
NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Madam Justice G.A. Campbell

UPON THE APPLICATION of Hardie & Kelly Inc., in its capacity as Court-appointed receiver (the "**Receiver**") of the Property (as that term is defined in the Order of the Honourable Madam Justice Horner, granted April 28, 2017 in the within Action (the "**Receivership Order**")) for an Order approving the Receiver's accounts and the accounts of its legal counsel, approving the Receiver's activities and discharging the Receiver; **AND UPON** having read the Third Report of the Receiver, dated September 20, 2017 (the "**Third Report**"); **AND UPON**

hearing from counsel for the Receiver and counsel for any other interested party 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.

APPROVAL OF RECEIPTS, DISBURSEMENTS AND ACCOUNTS

2. The Receiver's accounts and the accounts of its independent counsel, Osler Hoskin & Harcourt LLP, and of its conflict counsel, Cassels Brock LLP, are hereby approved.
3. The Receiver's Statement of Receipts and Disbursements set out in the Third Report is approved and the Receiver is hereby directed and authorized to make the final distributions set out in paragraph 25 of the Third Report.

DISCHARGE OF THE RECEIVER

4. As of the date of the Third Report and based on the evidence before this Honourable Court:
 - (a) The Receiver has acted honestly and in good faith, and has dealt with the Property in a commercially reasonable manner;
 - (b) The actions and conduct of the Receiver are approved and the Receiver has satisfied all of its duties and obligations as receiver of the Property;
 - (c) The Receiver shall not be liable for any act or omission pertaining to the discharge of the Receiver's duties as court-appointed receiver of the Property, save and except for any liability arising out of fraud or gross negligence or wilful misconduct on the part of the Receiver; and
 - (d) Any and all claims against the Receiver arising from, relating to or in connection with the performance of the Receiver's duties and obligations as court-appointed receiver of the Property, save and except for claims based on fraud or gross

negligence or wilful misconduct on the part of the Receiver, shall be forever barred and extinguished.

5. No action or proceeding arising from, relating to, or in connection with the performance of the Receiver's duties and obligations in respect of the Property may be commenced or continued without the prior leave of this Honourable Court, on notice to the Receiver and on such terms as this Honourable Court may direct.
6. Upon the filing of the Receiver's Certificate attached hereto as Schedule "A" confirming, among other things, that the Receiver has: (i) remitted to Canada Revenue Agency all GST owing in relation to the sale of the Property (as that term is defined in the Receivership Order); and (ii) made all distributions set out in the Third Report in accordance with paragraph 3 of this Order, the Receiver shall be absolutely and unconditionally discharged as Receiver of the Property and shall have no further duty, liability or obligation with respect to the Property, provided however, that notwithstanding its discharge, the Receiver shall:
 - (a) remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership; and
 - (b) shall continue to have the benefit of the provisions of this Order and all Orders granted in these proceedings, including all approvals, protections and stays of proceedings in favor of the Receiver in its capacity as Receiver.

MISCELLANEOUS

7. The Receiver has leave to reapply to this Honourable Court for such further advice and directions as may be necessary.
8. 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.

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

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

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

Clerk's Stamp

Solicitors:	Randal Van de Mosselaer
Phone:	403.260.7060
Fax:	403.260.7024
Email:	RVandemosselaer@osler.com
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This Receiver's Certificate is the certificate referred to in paragraph 6 of the Order of the Honourable Madam Justice G.A. Campbell, granted October 4, 2017 (the "**Order**").

Capitalized terms not otherwise defined herein shall have the meanings given to those terms in the Order.

Hardie & Kelly Inc., solely in its capacity as Court-appointed receiver (the "**Receiver**") of the Property (as that term is defined in the Receivership Order) and not in its personal or corporate capacity, hereby certifies that:

1. All GST remittances owing in relation to the sale of the Property have been remitted by the Receiver to the Canada Revenue Agency.
2. All distributions set out in the Third Report have been made by the Receiver in accordance with paragraph 3 of the Order.

3. The administration of the receivership proceedings as described in the Third Report have been completed.

Dated this _____ day of _____, 2017.

Hardie & Kelly Inc., solely in its
capacity as Receiver of the Property
and not in its personal or corporate
capacity

Name: Marc Kelly
Title: Senior Vice President