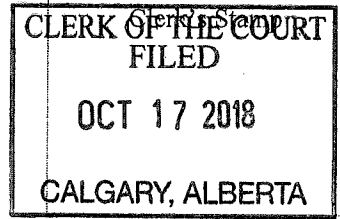


COURT FILE NUMBER 1701-00143
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA
DEFENDANT QUATTRO EXPLORATION AND PRODUCTION LTD.
DOCUMENT SECOND SUPPLEMENTAL AFFIDAVIT OF RHONDA LASTOCKIN



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Lisa Hiebert/Jessica L. Cameron
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9715
Facsimile: (403) 266-1395
Email: jcameron@blg.com
File No. 436743/000019

**SECOND SUPPLEMENTAL AFFIDAVIT
OF RHONDA LASTOCKIN**

I, Rhonda Lastockin, of the City of Calgary, in the Province of Alberta, Legal Assistant,
MAKE OATH AND SAY THAT:

1. I am employed by the law firm of Borden Ladner Gervais LLP ("BLG"), solicitors for Hardie & Kelly Inc., in its capacity as the court-appointed receiver and manager (the "Receiver") of Quattro Exploration and Production Ltd. As such, I have personal knowledge of the matters hereinafter deposed to, except where based upon information and belief and where so based, I verily believe the same to be true.
2. I make this affidavit to supplement the affidavits I swore on September 13, 2017 and August 9, 2018.
3. Attached hereto marked **Exhibit "A"** is the correspondence between BLG, counsel for the Receiver, and Ronald J. Young ("Mr. Young"), counsel for Dorothea Holdings Ltd. and 1348321 Alberta Ltd., as detailed below:
 - a. BLG email dated September 4, 2018 to Mr. Young attaching Ron Young Client Statements;

- b. Mr. Young email dated September 6, 2018 to BLG re Amounts Owed to Dorothea and 134;
- c. BLG letter to Mr. Young dated September 20, 2018;
- d. Mr. Young letter to BLG and Cassels Brock & Blackwell LLP ("CBB") dated September 23, 2018;
- e. Mr. Young email correspondence to BLG and CBB dated September 25, 2018; and
- f. Mr. Young letter sent by fax to BLG and CBB dated September 27, 2018.

SWORN BEFORE ME, at Calgary, Alberta,
 this 15th day of October, 2018.

D McNab

A Commissioner for Oaths in and for Alberta

)
)
)
)
)
)
)
)
)
)

R Lastockin

 RHONDA LASTOCKIN

DEANNA MCNAB
 A Commissioner for Oaths in and for Alberta
 My Commission Expires on February 25, 2021

Lastockin, Rhonda

From: Hiebert, Lisa
Sent: September-04-18 10:55 AM
To: ron.young
Subject: Quattro - Amounts Owed
Attachments: Ron Young Client Statements August 14.pdf

Mr. Young,
Attached is a PDF setting out what Quattro records show as the pre-receivership amounts owed to your clients. Can you confirm this is the amount you will be claiming priority for?
Thanks,
Lisa

Lisa Hiebert


Partner

T 604.632.3425 | F 604.622.5815 | lhiebert@blg.com
1200 Waterfront Centre, 200 Burrard St, P.O. Box 48600, Vancouver, BC, Canada V7X 1T2
Centennial Place, East Tower, 1900, 520 – 3rd Ave S W, Calgary, AB, Canada T2P 0R3

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This is Exhibit "A" referred to
in the Affidavit of
Rhonda Lastockin
Sworn before me this 15 day
of October A.D., 2018
D McNab

DEANNA MCNAB
Commissioner for Oaths in and for Alberta
Commission Expires on February 25, 2021

QUATTRO EXPLORATION & PRODUCTION LTD.

Installation: QUATTRO
 Aged AP / AR Summary: (Level: Invoice)
 Period: 2018-07 Aged from: 2018-04-30. Outstanding Only: Yes
 Company: DOROTHEA. Accounts: Beginning to End

Company	Acct	Account Description	Invoice	Pay Date	< 31 days	31 to 60 days	61 to 90 days	Over 90 days	Grand Total
DOROTHEA	HOLDINGS LTD. - DOROTHEA								
	62200	AP - ROYALTIES	0917PAROY	20171101					0.00
	62200	AP - ROYALTIES	APR16ROYAL	20160530				-390.78	-390.78
	62200	AP - ROYALTIES	DEC16ROYAL	20170207				-829.09	-829.09
	62200	AP - ROYALTIES	DOR APR 15	20150430				108.73	108.73
	62200	AP - ROYALTIES	DOR AUG 14	20140831				152.49	152.49
	62200	AP - ROYALTIES	DOR AUG 15	20150831				108.29	108.29
	62200	AP - ROYALTIES	DOR DEC 14	20141231				95.25	95.25
	62200	AP - ROYALTIES	DOR DEC 15	20151231				112.71	112.71
	62200	AP - ROYALTIES	DOR FEB 15	20150228				121.99	121.99
	62200	AP - ROYALTIES	DOR JAN 15	20150131				131.05	131.05
	62200	AP - ROYALTIES	DOR JUL 15	20150731				88.62	88.62
	62200	AP - ROYALTIES	DOR JUN 15	20150630				121.99	121.99
	62200	AP - ROYALTIES	DOR MAR 15	20150331				124.42	124.42
	62200	AP - ROYALTIES	DOR MAY 15	20150531				137.90	137.90
	62200	AP - ROYALTIES	DOR NOV 14	20141130				186.08	186.08
	62200	AP - ROYALTIES	DOR NOV 15	20151130				117.57	117.57
	62200	AP - ROYALTIES	DOR OCT 14	20141031				182.10	182.10
	62200	AP - ROYALTIES	DOR OCT 15	20151031				130.83	130.83
	62200	AP - ROYALTIES	DOR SEP 14	20140930				184.54	184.54
	62200	AP - ROYALTIES	DOR SEP 15	20150930				109.40	109.40
	62200	AP - ROYALTIES	DOR APR 14	20140430				273.82	273.82
	62200	AP - ROYALTIES	DOR JUL 14	20140731				119.12	119.12
	62200	AP - ROYALTIES	DOR JUN 14	20140630				208.65	208.65
	62200	AP - ROYALTIES	DOR MAR 14	20140331				331.94	331.94
	62200	AP - ROYALTIES	DOR MAY 14	20140531				253.27	253.27
	62200	AP - ROYALTIES	FEB2016ROY	20160331				-442.84	-442.84
	62200	AP - ROYALTIES	FH201507	20150731				0.00	0.00
	62200	AP - ROYALTIES	FH201511	20151130				-1,096.02	-1,096.02
	62200	AP - ROYALTIES	FH201512	20151231				-814.18	-814.18
	62200	AP - ROYALTIES	JAN2016ROY	20160328				-446.11	-446.11
	62200	AP - ROYALTIES	JUL16ROYAL	20160831				-714.52	-714.52
	62200	AP - ROYALTIES	JUN16ROYAL	20160727				-464.64	-464.64
	62200	AP - ROYALTIES	MAR2016ROY	20160506				-544.30	-544.30
	62200	AP - ROYALTIES	NOV16ROYAL	20161230				-845.30	-845.30
	62200	AP - ROYALTIES	OCT16ROYAL	20161130				-925.28	-925.28
	62200	AP - ROYALTIES	SEP16ROYAL	20161108				-687.80	-687.80
			**Account Totals:		0.00	0.00	0.00	-4,800.10	-4,800.10
			***Company Totals:		0.00	0.00	0.00	-4,800.10	-4,800.10
			****Grand Total:		0.00	0.00	0.00	-4,800.10	-4,800.10

QUATTRO EXPLORATION & PRODUCTION LTD.

Installation: QUATTRO
 Aged AP / AR Summary (Level: Invoice)
 Period: 2018-07. Aged from: 2018-04-30. Outstanding Only: Yes
 Company: 1348321TAB. Accounts: Beginning to End

Company	Acct	Account Description	Invoice	Pay Date	< 31 days	31 to 60 days	61 to 90 days	Over 90 days	Grand Total
1348321	ALBERTA LTD.	C/O MCNARY, LORNE & LOIS -- 1348321TAB							
62200	AP - ROYALTIES	0917PAROY	20171101						0.00
62200	AP - ROYALTIES	1348321 APR 14	20140430					273.82	273.82
62200	AP - ROYALTIES	1348321 APR 15	20150430					108.73	108.73
62200	AP - ROYALTIES	1348321 AUG 14	20140831					152.49	152.49
62200	AP - ROYALTIES	1348321 AUG 15	20150831					108.29	108.29
62200	AP - ROYALTIES	1348321 DEC 14	20141231					95.25	95.25
62200	AP - ROYALTIES	1348321 DEC 15	20151231					112.71	112.71
62200	AP - ROYALTIES	1348321 FEB 15	20150228					121.99	121.99
62200	AP - ROYALTIES	1348321 JAN 15	20150131					131.05	131.05
62200	AP - ROYALTIES	1348321 JUL 14	20140731					119.12	119.12
62200	AP - ROYALTIES	1348321 JUL 15	20150731					88.62	88.62
62200	AP - ROYALTIES	1348321 JUN 14	20140630					208.65	208.65
62200	AP - ROYALTIES	1348321 MAR 14	20140331					331.94	331.94
62200	AP - ROYALTIES	1348321 MAR 15	20150331					124.42	124.42
62200	AP - ROYALTIES	1348321 MAY 14	20140531					253.27	253.27
62200	AP - ROYALTIES	1348321 MAY 15	20150531					137.90	137.90
62200	AP - ROYALTIES	1348321 NOV 14	20141130					186.08	186.08
62200	AP - ROYALTIES	1348321 NOV 15	20151130					117.57	117.57
62200	AP - ROYALTIES	1348321 OCT 14	20141031					182.10	182.10
62200	AP - ROYALTIES	1348321 OCT 15	20151031					130.83	130.83
62200	AP - ROYALTIES	1348321 SEP 14	20140930					184.54	184.54
62200	AP - ROYALTIES	1348321 SEP 15	20150930					109.40	109.40
62200	AP - ROYALTIES	1348321 JUN 15	20150630					121.99	121.99
62200	AP - ROYALTIES	APR16ROYAL	20160530					-390.78	-390.78
62200	AP - ROYALTIES	DEC16ROYAL	20170207					-829.09	-829.09
62200	AP - ROYALTIES	FEB2016ROY	20160331					-442.84	-442.84
62200	AP - ROYALTIES	FH201511	20151130					-1,096.02	-1,096.02
62200	AP - ROYALTIES	FH201512	20151231					-814.18	-814.18
62200	AP - ROYALTIES	JAN2016ROY	20160328					-446.11	-446.11
62200	AP - ROYALTIES	JUL16ROYAL	20160831					-714.52	-714.52
62200	AP - ROYALTIES	JUN16ROYAL	20160727					-464.64	-464.64
62200	AP - ROYALTIES	MAR2016ROY	20160506					-544.30	-544.30
62200	AP - ROYALTIES	NOV16ROYAL	20161230					-845.30	-845.30
62200	AP - ROYALTIES	OCT16ROYAL	20161130					-925.28	-925.28
62200	AP - ROYALTIES	SEP16ROYAL	20161108					-687.80	-687.80
**Account Totals:					0.00	0.00	0.00	-4,800.10	-4,800.10
***Company Totals:					0.00	0.00	0.00	-4,800.10	-4,800.10
****Grand Total:					0.00	0.00	0.00	-4,800.10	-4,800.10

QUATTRO EXPLORATION & PRODUCTION LTD.

Installation: QUATTRO

Aged AP / AR Summary (Level: Invoice)
 Period: 2018-07 Aged from: 2018-04-30. Outstanding Only: Yes
 Company: LBERNARDIBELL. Accounts: Beginning to End

Company	Acct	Account Description	Invoice	Pay Date	< 31 days	31 to 60 days	61 to 90 days	Over 90 days	Grand Total
LOUIS BERNARD & IDA DEANNE BELL -- LBERNARDIBELL	62200	AP - ROYALTIES	20131231	20131231				-122.71	-122.71
	62200	AP - ROYALTIES	20140131	20140131				-156.92	-156.92
	62200	AP - ROYALTIES	20140228	20140228				-188.61	-188.61
	62200	AP - ROYALTIES	20140331	20140331				-140.50	-140.50
	62200	AP - ROYALTIES	20140430	20140430				-127.87	-127.87
	62200	AP - ROYALTIES	20140531	20140531				-93.21	-93.21
	62200	AP - ROYALTIES	20140630	20140630				-151.02	-151.02
	62200	AP - ROYALTIES	20140731	20140731				-122.46	-122.46
	62200	AP - ROYALTIES	20140831	20140831				-136.91	-136.91
	62200	AP - ROYALTIES	20140930	20140930				-128.10	-128.10
	62200	AP - ROYALTIES	20141031	20141031				-94.78	-94.78
	62200	AP - ROYALTIES	20141130	20141130				-124.08	-124.08
	62200	AP - ROYALTIES	20141231	20141231				-108.85	-108.85
	62200	AP - ROYALTIES	20150131	20150131				-83.80	-83.80
	62200	AP - ROYALTIES	20150229	20150228				-71.16	-71.16
	62200	AP - ROYALTIES	20150331	20150331				-79.51	-79.51
	62200	AP - ROYALTIES	20150430	20150430				-69.77	-69.77
	62200	AP - ROYALTIES	20150531	20150531				-77.95	-77.95
	62200	AP - ROYALTIES	20150630	20150630				-66.76	-66.76
	62200	AP - ROYALTIES	518511	20150731				-75.79	-75.79
	62200	AP - ROYALTIES	519124	20150831				-73.58	-73.58
	62200	AP - ROYALTIES	519634	20150930				-72.69	-72.69
	62200	AP - ROYALTIES	519887	20151031				-70.96	-70.96
			**Account Totals:		0.00	0.00	0.00	-2,437.99	-2,437.99
			**Company Totals:		0.00	0.00	0.00	-2,437.99	-2,437.99
			***Grand Total:		0.00	0.00	0.00	-2,437.99	-2,437.99

Lastockin, Rhonda

From: ron.young <ron.young@ronyounglaw.ca>
Sent: September-06-18 2:19 PM
To: Hiebert, Lisa
Subject: Re: Quattro - Amounts Owed to Dorothea and 134.

Hello Lisa,

I am referring the PDF Quattro records attached below and the records which accompanied your letter of August 2, 2018 for analysis by an expert in an effort to reach a determination of the royalty arrears owing from November 2015 to December 2016 inclusive to each of Dorothea and 134.

In the meanwhile, please refer to the affidavit of Marion Schmitke dated August 4, 2017 filed August 8, 2017. At pages 36 and 37 thereof is Ms. Schmitke's calculation of unpaid royalty arrears owing pre-receivership to each of Dorothea and 134 (after crediting isolated payments received from Quattro or the Receiver), as follows:

From November 2015 to July 2016	\$4720.71
From August 2016 to November 2016	\$2590.72.
December 2016 (from your PDF)	<u>\$829.09</u>
TOTAL	<u>\$8104.02</u>

At pages 22 and 24 of Ms. Schmitke's affidavit, at date of the Proposal, August 10, 2016, Quattro acknowledged royalty arrears indebtedness of \$4198.87 to each of Dorothea and 134. To this would be added the unpaid royalty arrears during the Proposal before the February 2 2017 Receivership Order.

We can discuss this further by telephone.

Regards.

Ron.

On 4/9/2018, at 10:55 AM, Hiebert, Lisa <LHiebert@blg.com> wrote:

Mr. Young,

Attached is a PDF setting out what Quattro records show as the pre-receivership amounts owed to your clients. Can you confirm this is the amount you will be claiming priority for?

Thanks,

Lisa

Lisa Hiebert

Partner

T 604.632.3425 | F 604.622.5815 | lhiebert@blg.com


1200 Waterfront Centre, 200 Burrard St, P.O. Box 48600, Vancouver, BC, Canada V7X 1T2

Centennial Place, East Tower, 1900, 520 – 3rd Ave S W, Calgary, AB, Canada T2P 0R3

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<Ron Young Client Statements August 14.pdf>

Lisa C. Hiebert
T (604) 632-3425
lhiebert@blg.com

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard St, P.O. Box 48600
Vancouver, BC, Canada V7X 1T2
T 604.687.5744
F 604.687.1415
blg.com



File No. 436743/000019

September 20, 2018

Delivered by Email (ron.young@ronyounglaw.ca)

Ronald J. Young Professional Corporation
204, 10265-107 Street NW
Edmonton AB T5J 5G2

Attention: Ronald J. Young

Dear Sir:

Re: In the Matter of the Receivership of Quattro Exploration and Production Ltd. ("Quattro"), Action No. 1701-00143 (the "Receivership Proceedings")

We write regarding various issues advanced on behalf of your clients Dorothea Holdings Inc. ("DHI") and 1348321 Alberta Ltd. ("134") in the Notice of Application filed August 8, 2017 (the "Application") and the Statement of Claim filed August 8, 2018 (the "Claim").

With respect to your request on September 17, 2018 for a report regarding allocation of the Receiver's Charge created by the Receivership Order made February 2, 2017 (the "Order"), please refer to our letter of August 2, 2018. As previously advised in that correspondence, the property over which Dorothea Holdings Inc. and 1348321 Alberta Ltd. have leases operated at a loss of approximately \$5,000 over the period February 2017 to November 2017, when the property was shut-in. This loss was after paying current royalties and operating expenses. Accordingly, there were no proceeds from that property over which the Receiver's Charge could be allocated.

Further to our discussion on September 19, 2018, we write to confirm that the priority sought on behalf of DHI and 134 in the Application and the Claim is subordinate to the charges created by the Order, but in priority to the secured debt of Business Development Bank of Canada ("BDC"). In particular, the priority waterfall proposed by DHI and 134 is:

1. The charges created or continued by the Order;
2. The "charge" in favour of the owner/lessors, based on unjust enrichment, constructive trust and/or restitution;
3. The secured creditors, including BDC; and

4. The unsecured creditors.

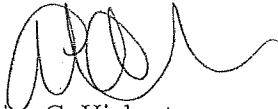
Your confirmation regarding the priority waterfall would be appreciated, as this is a critical component of the Application and the Claim.

As discussed, priority beyond the charges created or continued by the Order is hypothetical because, as the Receiver has previously advised in its reports, the proceeds remaining in the estate will be insufficient to fully repay the Court-ordered charges.

Please contact the writer should you have any questions or concerns.

Yours truly,

Borden Ladner Gervais LLP



Lisa C. Hiebert

cc: Hardie & Kelly Inc., Receiver
Attn: Marc Kelly

cc: Cassels Brock & Blackwell LLP, counsel to Business Development Bank of Canada
Attn: Jeffrey Oliver

Ronald J. Young
PROFESSIONAL CORPORATION

RONALD JOHN YOUNG, B.A. LL.B.
BARRISTER AND SOLICITOR

204, 10265 - 107 STREET, N.W.
EDMONTON, ALBERTA T5J 5G2
(In The Beatty Lofts)
TELEPHONE (780) 424-3311
FAX (780) 425-9609
EMAIL: ron.young@ronyounglaw.ca

Our File: 43,916
Your File: 436473/000019

September 23, 2018

EMAIL & FAX

ATTENTION: LISA C. HIEBERT

BORDEN LADNER GERVAIS LLP
1200 WATERFRONT CENTRE
200 BURRARD STREET
P.O. BOX 48600
VANCOUVER BC V7X 1T2

ATTENTION: JEFFREY OLIVER

CASSELS BROCK & BLACKWELL LLP
SUITE 1250, 440 2ND AVENUE SW
CALGARY, ALBERTA T2P 5E9

Re: **Receivership Quattro Exploration and Production Ltd., (Quattro)**
Action No. 1701-00143 Default Claims Leases Dated 30 October 1993
Dorothea Holdings Ltd. (Dorothea) and 1348321 Alberta Ltd.(134)
(Leases; Lessors/Owners)

Thank you Ms. Hiebert for your emails with your letters of September 20, 2018, and our very worthwhile telephone discussion which preceded them.

Your letters have been referred to the principals of Dorothea and 134, Marion Schmitke and Lois McNary, who have instructed as follows.

With reference to the first letter received, it is acknowledged in reply that the priority claims of Dorothea and 134 are subordinate to the Receiver's Charge.

With reference to the second letter received, I concur with your confirmation *that the priority sought on behalf of DHI and 134 in the Application and the Claim is subordinate to the charges created by the Order, but in priority to the secured debt of Business Development Bank of Canada.*

The *priority waterfall* proposed by DHI and 134 is as set forth in your second letter.

Confirmation of the *priority waterfall* is indeed a critical component of the Application and the Claim.

This I have endeavoured to make clear in the attached Draft Brief for presentation on behalf of the Applicants/Plaintiffs at the hearing scheduled for October 25, 2018.

The Applicants/Plaintiffs will much appreciate payment of \$3500 to each of them, but it is also a critical component of their priority claims that they are seeking judgment in damages and Declaration Judgment in equity against Quattro.

These are not the only losses the Applicants/Plaintiffs have suffered as a result of past lessee insolvencies, and they believe Declaration Judgment of the Court is a most critical component and precedent for receivers, owner lessors, secured creditors, and unsecured creditors in such lessee insolvency circumstances.

We suggest Receivers and secured creditors such as Business Development Bank of Canada may share this belief, so that all affected persons are aware of the priority waterfall in the future.

Because Declaration Judgment is essential, we believe the Applicant's/Plaintiff's legal and equitable position as set forth in the Brief needs to be presented to the Court at the October 25, 2018 hearing with the request for reasons for decision which will serve all such interested parties in the future.

We suggest the Receiver and Business Development Bank of Canada might acknowledge the priority waterfall and need not oppose the Application which would be presented at the October 25, 2018 hearing succinctly and confined to the Brief.

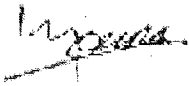
With receipt of concurrent payment of \$3500 to each of the Applicant/ Plaintiffs they would acknowledge satisfaction of their claims to damages awarded against Quattro.

This letter is also for the attention of Jeffrey Oliver, Cassels Brock & Blackwell LLP, of counsel for Business Development Bank of Canada.

Thank you and regards.

RONALD J. YOUNG PROFESSIONAL CORPORATION

Per:



RONALD J. YOUNG
RJY/s

Lastockin, Rhonda

From: ron.young <ron.young@ronyounglaw.ca>
Sent: September-25-18 3:27 PM
To: Hiebert, Lisa; Jeffrey Oliver (joliver@casselsbrock.com)
Cc: Chong, May; rhonda.young
Subject: Re: In the Matter of the Receivership of Quattro Exploration, Action No. 1701-00143 Hearing, October 25, 2018

Hello Lisa and Jeffrey,

Thank you Lisa for the further telephone discussion this afternoon concerning the matter of the Application by Dorothea and 134 scheduled for hearing on October 25, 2018 on the Commercial List in Calgary.

This is to inform that the Applicants will not be asking leave of the Court to seek any remedy against the Receiver, Hardie & Kelly Inc. at the hearing.

I will provide you with a more complete statement by follow-up letter in this regard, soon, but in the meanwhile wanted to confirm the Applicants' position should you wish to inform your client.

Regards.

Ron.

On 23/9/2018, at 12:05 PM, ron.young <ron.young@ronyounglaw.ca> wrote:

Hello Lisa and Jeffrey,

Please refer to the writer's letter and draft brief, attached.

<LT BLG 2018 09 23.pdf>
<Brief DRAFT 2018 09 23.pdf>

Please acknowledge receipt of this email with attachments by return.

Thank you and regards.

Ron.

On 20/9/2018, at 6:06 PM, Chong, May <MChong@blg.com> wrote:

Mr. Young,

We attach a letter dated September 20, 2018 from Ms. Hiebert with respect to the above matter.

Regards,

May Chong

<image002.jpg>

Practice Assistant

T 604.687.5744 | F 604.687.1415 | MChong@blg.com

1200 Waterfront Centre, 200 Burrard St, P.O. Box 48600, Vancouver, BC, Canada V7X 1T2

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<Ltr dated Sept 20, 2018.PDF>

Ronald J. Young
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FAX TRANSMISSION COVER SHEET

TO:	Lisa Hiebert Borden Ladner Gervais LLP	DATE:	September 27, 2018
FAX NO:	1 (403) 266-1395 1 (604) 687-1415	FROM:	Ronald J. Young
		OUR FILE:	43916

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ANY PROBLEMS PLEASE CALL: Rhonda at 780-424-3311

MEMO:

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Our File: 43,916

Your File:436473/000019

September 27, 2018

EMAIL & FAX

ATTENTION: LISA C. HIEBERT

BORDEN LADNER GERVAIS LLP
1200 WATERFRONT CENTRE
200 BURRARD STREET
P.O. BOX 48600
VANCOUVER BC V7X 1T2

ATTENTION: JEFFREY OLIVER

CASSELS BROCK & BLACKWELL LLP
SUITE 1250, 440 2ND AVENUE SW
CALGARY, ALBERTA T2P 5E9

Re: **Receivership Quattro Exploration and Production Ltd., (Quattro)**
Action No. 1701-00143 Default Claims Leases Dated 30 October 1993
Dorothea Holdings Ltd. (Dorothea) and 1348321 Alberta Ltd.(134)
(Leases; Lessors/Owners)
APPLICATION Commercial List October 25 2018.

Further to the writer's telephone discussion with Lisa Hiebert and follow up email of September 25, 2018, this letter is to confirm that the Applicants Dorothea Holdings Ltd. and 1348321 Alberta Ltd. are not seeking leave to claim remedies against nor making any allegations against the court ordered receiver, Hardie & Kelly Inc.

The allegations and remedies the Applicants are seeking are against Quattro as set forth in their Application and Affidavit in the above described Action, and their Statement of Claim in Action No. 1801 11001.

The Applicants have instructed that application is to be made at the October 25, 2018 Commercial List hearing for summary judgment in damages and declaration judgment against Quattro. This is indicated in the draft Applicants' Brief which accompanied the writer's letter of September 23 2018.

September 27, 2018
Page 2

The Applicants' Brief as required by Commercial Practice Note No.1 will be filed and served prior to October 7 2018, as the writer will be away thereafter returning October 18 2018.

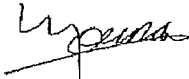
This office will be closed during that time however the writer will be monitoring email and fax communications while away.

This letter is also for the attention of Jeffrey Oliver, Cassels Brock & Blackwell LLP, of counsel for Business Development Bank of Canada.

Thank you and regards.

RONALD J. YOUNG PROFESSIONAL CORPORATION

Per:



RONALD J. YOUNG
RJY/s