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Dated this 12 day of Dec 2011
J. R. Rabin
Registrar at Calgary
Bankruptcy Division of the
Court of Alberta
FILE BK NO: 25-1549324

Clerk's Stamp:
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COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

CALGARY

IN THE MATTER OF THE BANKRUPTCY OF DESMARAIS ENERGY CORPORATION

ORDER APPROVING PROPOSAL

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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DATE ON WHICH ORDER WAS PRONOUNCED: December 9, 2011

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice Romaine

ORDER APPROVING PROPOSAL

UPON the application of Desmarais Energy Corporation ("Desmarais" or the "Applicant"); AND UPON having read the Affidavit of James Long dated December 6, 2011 (the "Long Affidavit"); AND UPON having read the Report of the Proposal Trustee, Hardie & Kelly Inc. dated December 8, 2011 (the "Trustee"); AND UPON having heard submissions of counsel for Desmarais and the Trustee; IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

SERVICE

1. Service is hereby deemed in order and service upon any interested party other than the persons served is hereby dispensed with.

DEFINITIONS

2. Any capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal of the Applicant filed December 8, 2011 (the "Proposal").
3. In this Order, wherever reference is made to this Order being effective on the Proposal Implementation Date, the Order will be deemed to be effective as of 12:01 a.m., Mountain Time, on the Proposal Implementation Date.

CLAIMS PROCEDURE

4. The procedure for the validation of claims as set forth in sections 32 through 36 of the Proposal is approved.
5. Any Affected Creditors who did not submit a Proof of Claim prior to the First Meeting of Creditors is hereby deemed, subject to any further order of this Court;
 - (a) Not to have been entitled to attend or vote at the First Meeting of Creditors;
 - (b) Not to be entitled to receive any distribution under the Proposal;
 - (c) To be forever barred from making or enforcing any Claim; and
 - (d) Not to be entitled to any further notice of these proceedings.

FIRST MEETING OF CREDITORS

6. Materials for the First Meeting of Creditors were duly sent or delivered to each Creditor and posted to Trustee's website, substantially in accordance with the Proposal and the BIA. Notice to holders of Desmarais' securities is expressly dispensed with.
7. The First Meeting of Creditors was duly convened and held in accordance with the Proposal and the BIA.

SANCTION OF PROPOSAL

8. The Applicant has complied with the provisions of the BIA and the Orders of this Court made in these proceedings in all material respects.

9. The Proposal has been approved by the requisite majority of the Affected Creditors created under the Proposal in conformity with section 54 of the BIA and with the terms of the Proposal.
10. The terms and conditions of the Proposal are both substantively and procedurally fair and reasonable and in the best interests of Desmarais' Creditors and Desmarais itself.
11. The Proposal is sanctioned and approved pursuant to sections 58-60 of the BIA and is binding on all Creditors and other persons affected by the Proposal.
12. No meetings or votes of any holders of securities in Desmarais are required in connection with the Proposal.
13. The Applicant and the Trustee are authorized and directed to take all actions necessary or appropriate to implement the steps and proceedings contemplated pursuant to the Proposal.
14. At the Proposal Implementation Date, the Proposal will be effective and will inure to the benefit of and be binding upon the Applicant, the Affected Creditors, and all other affected persons, if any, stipulated in the Proposal or this Order.
15. Subject to the performance of Desmarais of its obligations under the Proposal, all obligations, agreements or releases to which Desmarais is a party shall be and remain in full force and effect, unamended, as at the Proposal Implementation Date unless terminated or repudiated or deemed to be terminated or repudiated by Desmarais pursuant to the BIA or any other Order and no party to any such obligation, agreement or lease shall on or following the Proposal Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of such obligation or agreement by reason:
 - (a) of any event which occurred prior to, and not continuing after, the Proposal Implementation Date, or which is or continues to be suspended or waived under the Proposal, which would have entitled any other party thereto to enforce its rights or remedies;
 - (b) that Desmarais sought or obtained relief or has taken steps as part of the Proposal or under the BIA;

- (c) of any default or event of default arising as a result of the financial condition or insolvency of Desmarais;
 - (d) of the effect upon Desmarais at the completion of any of the transactions contemplated under the Proposal; or
 - (e) of any compromises, settlements, restructurings pursuant to the Proposal.
16. From and after the Proposal Implementation Date, all persons shall be deemed to have waived any and all defaults then existing, previously committed, or caused by Desmarais, any non-compliance with or default under any covenant, warranty, representation, term, provision, condition or obligation, express or implied in any contract, instrument, credit document, guarantee, agreement for sale, lease, or other agreement, written or oral, and any and all amendments or supplements thereto (each "Agreement") existing between such person and Desmarais or any other person, and which non-compliance, breach or default is applicable to Desmarais or results from any circumstance or event applicable to Desmarais or its obligations under any agreement and any and all notices of default and demands for payment under any agreement shall be deemed to be of no further force or effect.
17. From and after the Proposal Implementation Date, each Affected Creditor and any person affected by the Proposal will be deemed to have consented and agreed to all of the provisions of the Proposal in its entirety. In particular, each Affected Creditor shall be deemed on its own behalf and on behalf of its heirs, executors, administrators, successors and assigns, for all purposes:
- (a) to have executed and delivered to Desmarais all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
 - (b) to have waived any default by Desmarais in any provision, express or implied, in any agreement or other arrangements existing between such Affected Creditor and Desmarais that occurred on or prior to the Proposal Implementation Date;
 - (c) to have agreed if there is any conflict between the provision, express or implied, of any agreement or other arrangement existing between such Affected Creditor and Desmarais as at the Proposal Implementation Date (other than those entered into by Desmarais on,

after or with effect from the Proposal Implementation Date) and the provisions of the Proposal, then the provisions of the Proposal take precedence and priority and the provisions of such agreement are amended accordingly; and

- (d) to have released and discharged absolutely all Claims against Desmarais and its agents, directors, officers, employees, counsel and the Trustee in accordance with the provisions of section 31 of the Proposal and paragraph 29 of this Order.
18. From and after the Proposal Implementation Date, any and all Claims against Desmarais of any nature are hereby compromised, discharged and released in accordance with the Proposal and the ability of any persons to proceed against Desmarais in respect of or relating to any claim is forever discharged, restrained and released and all proceedings with respect to, in connection with or relating to such Claims are permanently stayed, subject only to the rights of the Affected Creditors to receive distributions pursuant to the Proposal in respect of their Claims.
19. From and after the Proposal Implementation Date, all liens, including all security registrations against Desmarais, in favour of any Affected Creditor in respect of a Claim or a Disputed Claim are hereby discharged and extinguished.
20. At any time on or after the Proposal Implementation Date, Desmarais is authorized to complete any steps, including but not limited to the preparation, execution, and filing of necessary documentation, required to effect the discharge of any registration made against Desmarais by an Affected Creditor.
21. Desmarais shall, consistent with sections 16-30 of the Proposal:
- (a) Pay all Claims of Unaffected Creditors that are outstanding as of the Proposal Implementation Date or make arrangements which are satisfactory to the relevant Unaffected Creditors;
 - (b) Return all collateral to Secured Creditors with Proven Claims, or alternatively, make payment or arrangements in respect of amounts due to Secured Creditors with Proven Claims;
 - (c) Distribute the funds or Common Shares to Affected Creditors with Proven Claims as set forth in sections 22-24 of the Proposal:

22. Desmarais shall, consistent with the Proposal, be entitled to deduct and withhold from any distribution or payment to be made to the Creditors all such amounts that Desmarais is (i) required to deduct and withhold with respect to such payment under the *Income Tax Act* or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded, (ii) entitled to withhold under section 116 of the *Income Tax Act* or any corresponding provision of provincial law, (iii) or required to remit in respect of the Superintendent's Levy described in paragraph 30 of the Proposal. To the extent that any amount is so withheld, such withheld amount shall be treated for all purposes as having been paid to Creditors in respect of whom such deduction and withholding was made, provided that such withheld amount shall be promptly remitted by Desmarais to the appropriate authority unless in respect of payments to Canada Revenue Agency, a section 116 certificate shall have been issued by the Canada Revenue Agency with a certificate limit at least equal to the distribution or payment to be made to a non-resident.
23. The obtaining by the Applicant of this Order shall be deemed to constitute prejudice with respect to any other Claim made or asserted after the granting of this Order.

TERMINATION OF BIA PROCEEDINGS

24. Upon implementation of the Proposal, or such earlier date as may be ordered by the Court, the Applicant's proceedings under the BIA (the "BIA Proceedings"), are terminated (the "BIA Termination Date").
25. The Parties entitled to the benefit of the Administration Charge for their ongoing reasonable fees and expenses shall maintain the Administration Charge until their discharge and the payment of their reasonable fees and disbursements.

RELEASE OF THE TRUSTEE, DESMARAIS AND ITS AND DIRECTORS

26. The release referred to in section 45 of the Proposal and the other provisions of the Proposal relating to Affected Creditors shall become effective on the Proposal Implementation Date in accordance with the Proposal.
27. Without limiting the terms of the Proposal, all actions and conduct of the Trustee as set out in the Reports of the Trustee are hereby approved and the Trustee has satisfied all of its respective obligations up to and including the BIA Termination Date and the Trustee shall not be liable for any act or omission on the part of the Trustee, including with respect to any reliance thereof, including without limitation, any act

or omission pertaining to the discharge of its duties under the Proposal or with respect to any other duties and obligations in respect of the implementation of the Proposal, save and except for any claim or liability arising out of any fraud, gross negligence or wilful misconduct on the part of the Trustee or as allowed pursuant to an Order made by the Court under paragraph 28 of this Order. Subject to the foregoing, any claims against the Trustee in connection with the performance of its respective duties are hereby stayed, extinguished and forever barred.

28. No action or other proceeding shall be commenced against the Trustee in any way arising from or related to its capacity or conduct as Trustee, except with prior leave of this Court on such conditions as directed by the Court and on notice to the Trustee.
29. Subject to section 50 of the BIA, all Creditors, shall be deemed to have released and discharged Desmarais and its directors, officers, employees, agents, affiliates, professional advisors and associates and each and every past and present director, officer, employee, agent, affiliate, professional advisor and associate of Desmarais (collectively, the "Released Parties" and individually, a "Released Party") from any and all demands, claims, including claims of any past and present officers, directors or employees for contribution and indemnity, actions, causes of action, counterclaims, director and officer claims, director and officer indemnity claims, employee termination claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any person may be entitled to assert, including, without limitation, any and all claims in respect of any environmental condition or damage affecting any of the Assets, whether known or unknown, matured or unmatured, foreseen or unforeseen, certain or contingent, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Proposal Implementation Date or as a result of the implementation of the Proposal, relating to, arising out of or in connection with any matter, cause or thing, including, without limitation, relating to the assets of Desmarais, business or affairs of Desmarais whenever and however conducted, this Proposal, and the BIA Proceedings; all without any other recourse whatsoever against such Released Parties on the part of such persons establishing claims or any other persons.
30. No action or other proceeding shall be commenced against any of the directors or officers of the Applicant, relating to any matter arising from or related to their capacity or conduct as directors or officers, respectively, during the BIA Proceedings, except with prior leave of this Court on


notice to the director or officer and upon further Order securing, as security for costs, the solicitor and his own client costs of the directors and officers, as the case may be, in connection with any proposed action or proceeding.

DISCHARGE OF CHARGES

31. On the BIA Termination Date, all other charges and security interests created in these proceedings, except for the DIP Financing Charge created pursuant to the Order of this Court granted October 26, 2011, shall be fully and finally terminated, discharged and released.

GENERAL

32. Notwithstanding (a) the pendency of the BIA Proceedings and the declarations of insolvency made therein, (b) the pendency of any motions for receiving orders hereafter issued pursuant to the Bankruptcy and Insolvency Act (Canada) in respect of the Applicant and any receiving orders issued pursuant to any such motions, and (c) the provisions of any federal or provincial statute, any actions, steps or proceedings entered into or taken by the Applicant or any agreements entered into as part of the implementation of the Proposal shall (i) constitute legal, valid and binding obligations and shall be enforceable against the Applicant in accordance with the terms thereof, and (ii) do not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable law, federal, provincial or otherwise.
33. Pursuant to the BIA, this Order shall have full force and effect in all provinces of Canada. This Court requests the aid and recognition of: (i) any Court or any judicial, regulatory or administrative body in any province or territory and the Federal Court of Canada; (ii) any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province; (iii) any Court or any judicial, regulatory or administrative body of the United States; and (iv) the states or other subdivisions of the United States and of any other nation or state to act in aid of or be complimentary to this Court in carrying out the terms hereof.
34. Provisional execution notwithstanding any appeal or leave to appeal from the present judgment is hereby authorized.



J.C.Q.B.A.