

COURT FILE NUMBER **1101-02781**

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

JUDICIAL CENTRE **Calgary**

APPLICANT **IN THE MATTER OF THE *COMPANIES' CREDITORS***
 ***ARRANGEMENT ACT*, R.S.C. 1985, c. C-36**

AND IN THE MATTER OF FORTRESS ENERGY INC.

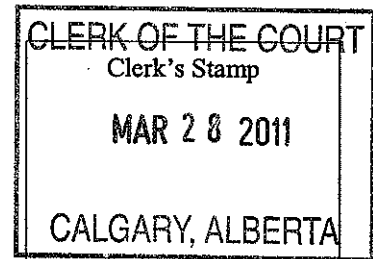
DOCUMENT **APPLICATION**

(Extension of Stay to May 27, 2011)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Josef G.A. Kruger, Q.C.
Borden Ladner Gervais LLP
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File No. 556409-000002

BLG
Borden Ladner Gervais



NOTICE TO RESPONDENT(S)

This application by Fortress Energy Inc. (the "Applicant") is made against you. You are a respondent.

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

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

Date March 31, 2011
Time 2:00 o'clock p.m.
Where Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta
Before Whom Justice S.J. LoVecchio

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. an Order substantially in the form attached hereto as Schedule "A", *inter alia*:
 - (a) extending the Stay Period as defined in paragraph 13 the Initial Order granted in these proceedings on March 2, 2011, up to and including May 27, 2011;
 - (b) authorizing the Monitor to pay certain pre-filing debts owed to Critical Suppliers; and
 - (c) allowing the Applicant, upon obtaining the written consent of the Monitor, to enter into an agreement to sell the common shares it holds in Terra Energy Corp. (the "Terra Shares") and to hold the proceeds of any such sale in trust pending further Order of the Court.

Grounds for making this application:

2. the Applicant has acted, and is continuing to act, in good faith and with due diligence in these proceedings;
3. the Applicant has, in conjunction with the Monitor, prepared a list of Critical Suppliers that require payment in order for the Applicant to continue operating;
4. since filing for protection under the CCAA, the Applicant has received expressions of interest from third parties to acquire the Terra Shares at market value;
5. it is appropriate that the Stay Period be extended to May 27, 2011 in order that the Applicant can substantially advance the claims process and work towards the filing of a plan of arrangement or compromise.

Material or evidence to be relied on:

6. the pleadings in this action;
7. the Affidavit of J. Cameron Bailey, sworn March 28, 2011, filed;
8. the Monitor's First Report filed in these proceedings; and
9. such further and other material or evidence as counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

- 10. the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36; and
- 11. the *Alberta Rules of Court*, Alta. Reg. 124/2010.

How the application is proposed to be heard or considered:

- 12. In person, on Affidavit evidence, before the Honourable Justice S.J. LoVecchio, at the Calgary Courts Center, 601 – 5 Street S.W., Calgary, AB, on March 31, 2011 at 2:00 pm or soon thereafter as counsel may be heard.

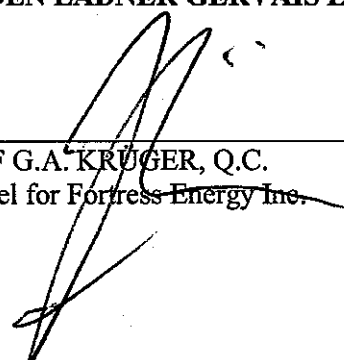
WARNING

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 rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

DATED at Calgary, Alberta, on March 28, 2011.

BORDEN LADNER GERVAIS LLP

PER: _____
 JOSEF G.A. KRÜGER, Q.C.
 Counsel for Fortress Energy Inc.



To: The Clerk of the Court
 And To: The Service List

SCHEDULE "A"

COURT FILE NUMBER 1101-02781
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
APPLICANT IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36
AND IN THE MATTER OF FORTRESS ENERGY INC.
DOCUMENT **ORDER (Stay Extension)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No. 556409-000002

BLG
Borden Ladner Gervais

Clerk's Stamp

DATE ON WHICH ORDER WAS PRONOUNCED: March 31, 2011

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: JUSTICE S.J. LOVECCHIO

UPON the application of Fortress Energy Inc. (the "Applicant"), AND UPON having read the Application and the Affidavit of J. Cameron Bailey, sworn March 28, 2011, filed; AND UPON having read the First Report of the Monitor, filed; AND UPON hearing counsel for the Applicant, counsel for the Monitor and other counsel in attendance; IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged, any further service of notice of this application is hereby dispensed with and service is deemed good and sufficient; and

STAY EXTENSION

2. The Stay Period, as defined in the Initial Order granted in this action on March 2, 2011 (the "Initial Order") is hereby extended up to and including May 27, 2011;

PAYMENT TO CRITICAL SUPPLIERS

3. The Monitor is authorized to pay certain pre-filing debts owed to Critical Suppliers, as such term is defined in the Affidavit of J. Cameron Bailey sworn the 28th day of March, 2011, which debts total \$54,304.

SALE OF SHARES

4. In the event the Applicant receives an offer from a third party to purchase some or all of the 3,666,444 common shares held by the Applicant in Terra Energy Corp. (the "Terra Shares"), and in the event such offer is approved by the Monitor in writing, the Applicant is authorized to enter into an agreement(s) and to execute all deeds and documents, and to take all such steps as may be necessary or advisable in order to give effect to the sale(s) of the Terra Shares as approved by the Monitor.
5. The net proceeds from the sale(s) of the Terra Shares shall be held in trust by the Applicant's counsel pending further Order of the Court.

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<p>DEPARTMENT OF JUSTICE CANADA Prairie Region Tax Law Services 211 Bank of Montreal Bldg 10199 - 101 Street N.W. Edmonton, Alberta T5J 3Y4</p> <p>JILL MEDHURST-TIVADAR E-mail: Jill.Medhurst-Tivadar@JUSTICE.GC.CA</p>	<p>(780) 495-7595</p>	<p>(780) 495-3319</p>	<p>Canada Revenue Agency</p>
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