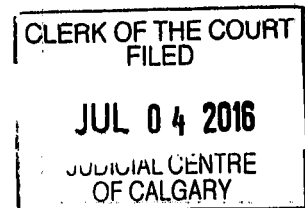


Clerk's Stamp

COURT FILE NO. 1501-01523  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE CALGARY  
APPLICANT NATIONAL BANK OF CANADA  
RESPONDENT PALLISER OIL & GAS CORPORATION



IN THE MATTER OF THE BANKRUPTCY OF  
PALLISER OIL & GAS CORPORATION, a  
corporation incorporated pursuant to the laws of  
the Province of Alberta

DOCUMENT **AFFIDAVIT OF VERIFICATION OF  
KAREN KOURY SWORN JUNE 29, 2016**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
Norton Rose Fulbright Canada LLP  
400 3<sup>rd</sup> Avenue SW, Suite 3700  
Calgary, Alberta T2P 4H2  
Phone: +1 403.267.8222  
Fax: +1 403.264.5973  
Email: kyle.kashuba@nortonrosefulbright.com  
Attention: Kyle D. Kashuba  
File No. 01124572-0585

**AFFIDAVIT OF KAREN KOURY**

Sworn on June 29, 2016

I, Karen Koury, of the City of Oakville, in the Province of Ontario, SWEAR AND SAY THAT:

**I. INTRODUCTION**

1. I am a Senior Manager - Lending Operations at National Bank of Canada ("National Bank"), a creditor of Palliser Oil & Gas Corporation ("Palliser"), and as such, have personal knowledge of the facts and matters hereinafter deposed to except where stated to be based on information and belief and where so stated I verily believe the same to be true.

2. National Bank has a registered office located at 130 King Street West, 8 Floor, Toronto, Ontario M5X 1J9, and its address for service purposes is c/o Norton Rose Fulbright Canada LLP, 400 3<sup>rd</sup> Avenue SW, Suite 3700, Calgary, AB T2P 4H2.
3. Palliser has or had a registered office located at 840 - 6 Avenue SW, Suite 600, Calgary, AB T2P 3E5.
4. I have reviewed the business records of National Bank relevant to the within Application and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit.

## II. THE DEBT

5. National Bank as lender entered into a series of loan agreements as amended, restated, modified, replaced or supplemented from time to time with Palliser (collectively, the "**Loan Agreements**"), pursuant to which National Bank agreed to provide Palliser as borrower with certain credit facilities and advance funds all on the terms set out therein and all in related and amending documents (the "**Credit Facilities**").
6. In accordance with the terms of the Loan Agreements, National Bank made various loans to Palliser from time to time.
7. Palliser agreed to repay the principal and interest advanced from time to time by National Bank at such times and on such terms with such interest and costs as set out under the terms of the Loan Agreements and related security.
8. As at January 27, 2015, the total indebtedness outstanding under the Loan Agreements and Credit Facilities was approximately \$40,337,542.23 in principal, plus interest, associated costs, fees and disbursements with additional interest and other charges accrued and accruing thereon at the rates and on the terms established by the Loan Agreements.
9. Palliser failed to make punctual payments in accordance with the terms of the Loan Agreements and Credit Facilities and, accordingly, for this and for other reasons, the Borrower was and is in default of the Loan Agreements and related security.
10. It was a term of the Loan Agreements and Security that upon default by the Borrower, National Bank would be entitled to the appointment of a Court-appointed receiver and manager.

11. On February 12, 2015, National Bank sought and obtained a Receivership Order, which was granted by Mr. Justice S.J. LoVecchio, in respect of the property, undertakings and assets of Palliser.
12. FTI Consulting Canada Inc. ("FTI") was appointed Receiver over Palliser.
13. FTI in its capacity as Receiver has been administering the receivership estate of Palliser, and has been on constant consultation with Palliser's creditors.
14. The Palliser receivership proceedings remain ongoing as at this date.
15. As at June 21, 2016, Palliser was justly and truly indebted to National Bank in the approximate sum of \$44,915,466.54 plus interest, fees, costs and disbursements accrued and continuing to accrue, as set out and permitted under the Loan Agreements and related security.
16. Palliser owes a substantial amount of debt to its numerous unsecured creditors, who will suffer a significant shortfall in the Palliser receivership proceeding.

### III. CONCLUSION

17. Based on my personal knowledge in this matter and the information I have reviewed in Palliser's court filed materials, I verily believe that Palliser, within 6 months preceding the filing of this Application for Bankruptcy Order, has committed acts of bankruptcy in that Palliser is unable to meet its financial obligations as they become due including the satisfaction of amounts owing to National Bank and other creditors, such amounts which exceed \$1,000.
18. The facts alleged in the Application for Bankruptcy Order are within my own knowledge true.

19. I make this Affidavit for no other or improper purpose.

SWORN before me at the City of  
Toronto, in the Province of Ontario,  
this 29<sup>th</sup> day of June, 2016.

*Alex Schmitt*

A Commissioner for Oaths in and  
for the Province of Ontario

ALEXANDER JOSEPH ATKINSON SCHMITT

*Karen Koury*  
\_\_\_\_\_  
Karen Koury

