

COURT FILE NUMBER

1501- 01523

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

NATIONAL BANK OF CANADA

DEFENDANT

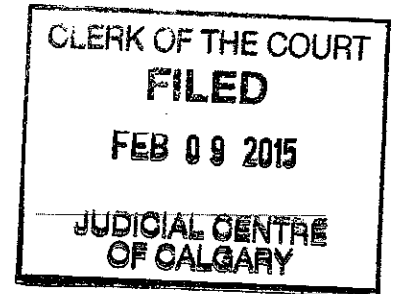
PALLISER OIL & GAS CORPORATION

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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File No. 01124572-0585



NOTICE TO DEFENDANT(S):

You are being sued. You are the defendant.

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

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

I. PARTIES

1. The Plaintiff, National Bank of Canada (the "**Bank**") is a Canadian Bank with branch offices in Calgary, Alberta.
2. The Defendant, Palliser Oil & Gas Corporation (the "**Debtor**"), is an Alberta registered company with its registered and business office located in Calgary, Alberta.

II. THE LOAN INDEBTEDNESS

3. The Bank, as lender, has provided various loans to the Debtor through a series of loan agreements as amended and restated from time to time (the "**Loan Agreements**").
4. In accordance with the terms of the Loan Agreements, the Bank advanced loans to the Debtor from time to time. However, as at July 29, 2014, the Debtor was in default under the Loan Agreements.
5. Pursuant to a Loan Extension and Forbearance Agreement as amended and restated from time to time (the "**Forbearance Agreement**"), the Bank has agreed to provide certain extensions to

the credit facilities provided for under the Loan Agreements. The Debtor requested that the Bank enter into the Forbearance Agreement to permit it to negotiate an amalgamation with Maha Energy Inc (the "**Maha Transaction**"). Failure to close on the Maha Transaction is an event of default under the Forbearance Agreement.

6. Under the Forbearance Agreement (as amended) the Debtor agreed to repay the principal and interest owing under the Loan Agreements and related security no later than January 26, 2015.
7. The Maha Transaction failed to close. As a result of this and other events of default, including without limitation the failure to repay the amount owing to the Bank as agreed, the Debtor is currently in default of its obligations under the Loan Agreements and the Forbearance Agreement.
8. As at January 27, 2015, the total indebtedness owing to the Bank by the Debtor, including amounts owing under the Loan Agreements, including the Forbearance Fee, was in excess of \$40,337,542.23 plus associated interest, costs and disbursements with additional interest and other charges accruing thereon at the rates and on the terms set out in the Forbearance Agreement.

III. SECURITY

9. As security for the amounts advanced by the Bank pursuant to the Loan Agreements, the Debtor granted various security to the Bank. The various security includes:
 - (i) Demand Debenture;
 - (ii) First Supplemental Debenture;
 - (iii) Second Supplemental Debenture;
 - (iv) General Assignment of Book Debts; and
 - (v) Pledge Agreement.(collectively the "**Security**").

IV. DEMAND FOR REPAYMENT

10. It is an express term of the Forbearance Agreement that the Debtor's indebtedness owing to the Bank was payable in full on January 26, 2015, or upon demand.
11. On January 27, 2015 the Bank's counsel delivered to the Debtor a demand pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3 (the "**Demand**").
12. Since the giving of the Demand and Notice, no payout nor payment has been received by the Bank.

V. **CONCLUSION** ¹⁸ *REMEDY SOUGHT*

13. The Bank proposes that the trial of this action be held at the Court Centre, in the City of Calgary, in the Province of Alberta and estimates that the time for trial of this action will be less than 25 days.

WHEREFORE the Plaintiff, National Bank of Canada, claims as against the Debtor the following relief:

- (a) a declaration as to the amounts owing to the Bank by the Debtor and judgment in the amount found to be owing;
- (b) a declaration that the Security held by the Bank is valid and enforceable;
- (c) the appointment of an Interim Receiver and a Receiver and Manager or, alternatively, the appointment of a Receiver over all of the assets of the Debtor;
- (d) interest on the outstanding amounts as set out in the Forbearance Agreement, or, alternatively, pursuant to the provisions of the *Judgment Interest Act*, R.S.A. 2000, c. J-8;
- (e) costs on a solicitor and his own client basis in accordance with the terms of the Loan Agreements, the related Security, and the Forbearance Agreement, or in the alternative, costs;
- (f) to the extent necessary, an Order abridging the time for the commencement of these proceedings and applications herein under Section 244(1) of the BIA;
- (g) such further and other relief as this Honourable Court may deem appropriate.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

- 20 days if you are served in Alberta
- 1 month if you are served outside Alberta but in Canada
- 2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.