

Clerk's Stamp

COURT FILE NUMBER      1401-

COURT                      COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE        CALGARY

APPLICANT                NATIONAL BANK OF CANADA

RESPONDENTS            COAST RESOURCES LTD., 101033165 SASKATCHEWAN LTD., VIEWFIELD OIL & GAS LTD. and COAST SERVICES INC.

DOCUMENT                **APPLICATION**

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

Attention:                Howard A. Gorman, Q.C. / Kyle D. Kashuba  
                                  howard.gorman@nortonrosefulbright.com  
                                  kyle.kashuba@nortonrosefulbright.com

File No.                    01124572-0584

**NOTICE TO RESPONDENT(S):**

This Application is made against you. You are a Respondents.

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

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

Date:                      Thursday, March 6, 2014

Time:                      2:00 p.m.

Where:                    Calgary Courts Centre

Before Whom:            The Honourable Mr. Justice A.D. Macleod of the Commercial List

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. Abridging, if necessary, the time for service of this Application and deeming service good and sufficient.
2. Appointing FTI Consulting Canada Inc. ("**FTI**") as receiver and manager over the assets, undertakings and property of Coast Resources Ltd. (the "**Borrower**"), 101033165 Saskatchewan Ltd., Viewfield Oil & Gas Ltd. and Coast Services Inc. (collectively, the "**Guarantors**"), by way of an order in substantially the form as the Consent Receivership Order attached as Schedule "A" hereto.
3. Alternatively, appointing FTI as receiver over the assets, undertakings and property of the Borrower and the Guarantors.
4. Awarding costs of this Application to the Applicant National Bank of Canada ("**National Bank**"), on a solicitor and his own client, full indemnity basis.
5. In the alternative, granting costs to National Bank pursuant to Schedule "C" of the *Alberta Rules of Court*.
6. Such further and other relief, advice and directions as counsel may advise and this Honourable Court may deem just and appropriate.

**Grounds for making this Application:**

7. National Bank as lender entered into a Loan Agreement as amended, restated, modified, replaced or supplemented from time to time with the Borrower (collectively, the "**Loan Agreements**"), pursuant to which National Bank agreed to provide the 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**").
8. In accordance with the terms of the Loan Agreements, National Bank made various loans to the Borrower from time to time.
9. As security for the amounts advanced by National Bank pursuant to the Loan Agreements, the Borrower granted various security agreements to National Bank (the "**Security**").
10. The Borrower 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.
11. As at February 26, 2014, the total indebtedness outstanding under the Loan Agreements and Credit Facilities was approximately \$5,462,702.75 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 (the "**Indebtedness**").
12. The Guarantors each granted unlimited guarantees in respect of the Indebtedness owing by the Borrower to National Bank.

13. It is an express term of the Loan Agreements that the Indebtedness was repayable on demand by National Bank or upon the occurrence of a default by the Borrower.
14. Under the terms of the Loan Agreements and Security, the Borrower agreed to reimburse National Bank for all costs and expenses, including legal fees on a solicitor and his own client, full indemnity basis, incurred by National Bank in taking any proceedings to collect amounts due and owing.
15. The Borrower 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 is in default of the Loan Agreements and Security.
16. National Bank has issued a Demand and Notice of Intention to Enforce Security to the Borrower and each of the Guarantors pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**Demands**" and "**Notices**").
17. Notwithstanding receipt of the Demands and Notices, the Borrower and the Guarantors have failed or neglected to repay the Indebtedness.
18. The Borrower and the Guarantors are insolvent, and the within Application is of an urgent nature.
19. 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.
20. The appointment of FTI as receiver and manager, or, in the alternative, as receiver over the assets, undertakings and property of the Borrower and the Guarantors is just, equitable, convenient and necessary to preserve National Bank's Security.
21. FTI has consented to act as receiver and manager, or, in the alternative, as receiver over the assets, undertakings and property of Coast Resources and the Guarantors.
22. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**Material or evidence to be relied on:**

23. All pleadings and proceedings, including the Statement of Claim, filed in the within action.
24. The Affidavit of Karen Koury dated March 6, 2014, filed.
25. The Affidavit(s) of Service, if any, filed.
26. The Consent to Act as Receiver executed by a duly authorized representative of FTI.
27. The proposed form of Consent Receivership Order, attached hereto as Schedule "A".
28. The inherent jurisdiction of this Honourable Court to control its own process.

29. Such further and other material and evidence as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

30. Rules 6.3(1), 6.47(e) and (f), 6.9(1)(a) and 11.27.

**Applicable Acts and regulations:**

31. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and particularly s 243 thereof, the *Judicature Act*, RSA 2000, c J-2, as amended, and particularly s 13(2) thereof, the *Personal Property Security Act*, RSA 2000, c P-7, as amended, and particularly s 65(7) thereof, and such other Rules, Acts and Regulations as counsel may advise and that this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

32. None.

**How the Application is proposed to be heard or considered:**

33. Oral submissions by counsel at an Application in Justice Chambers as agreed and scheduled by counsel, before the Honourable Mr. Justice A.D. Macleod at the Calgary Courts Centre, 601 - 5<sup>th</sup> Street SW, at Calgary, Alberta, on Thursday, March 6, 2014 at 2:00 p.m. or as soon thereafter as counsel may be heard.

**AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.**

**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.