

CLERK OF THE COURT
FILED
JUN 04 2015
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER: 1401-02489
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF: NATIONAL BANK OF CANADA
DEFENDANTS: COAST RESOURCES LTD., 101033165
SASKATCHEWAN LTD., VIEWFIELD OIL & GAS
LTD. and COAST SERVICES INC.
APPLICANT: FTI CONSULTING CANADA INC., in its capacity as
Court-appointed Receiver and Manager of the assets,
undertakings and property of COAST RESOURCES
LTD., 101033165 SASKATCHEWAN LTD.,
VIEWFIELD OIL & GAS LTD. and COAST
SERVICES INC.

DOCUMENT: **AFFIDAVIT OF SERVICE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION FOR PARTY FILING THIS DOCUMENT
McDougall Gauley LLP
1500 – 1881 Scarth Street
Regina, Saskatchewan S4P 4K9
Solicitor: Mr. Michael W. Milani, Q.C.
Telephone: (306) 565-5117
Facsimile: (306) 359-0785
Email: mmilani@mcdougallgauley.com
File Number: 542259-1

I, Michael W. Milani, Q.C., of Regina, Saskatchewan, Barrister and Solicitor, MAKE OATH AND SAY THAT:

1. I am a partner with McDougall Gauley LLP (“MG”), the solicitors for FTI Consulting Canada Inc. (the “Receiver”), in its capacity as receiver and manager of the property, assets and undertaking of Coast Resources Ltd., Viewfield Oil & Gas Ltd., 101033165 Saskatchewan Ltd.

and Coast Services Inc., and as such have knowledge of the facts and matters herein deposed to in this my Affidavit, except where stated to be based on information and belief, and where so stated I verily believe the same to be true.

Service List

2. Attached hereto and marked as Exhibit "A" to this my Affidavit is a true copy of the service list prepared by MG and the Receiver in connection with these receivership proceedings, as of May 12, 2015 (the "**Service List**").

Service of Documents

3. The individuals at MG involved in serving materials in connection with this matter were my legal assistant, Bonnie Holzapfel, and me (collectively, the "**MG Representatives**").

4. On Monday, June 1, 2015 the MG Representatives served all persons on the Service List with an email address for service (the "**Email Recipients**") with the following documents (the "**Application Materials**"), in each case by electronic transmission to the email address set out on the Service List:

- (a) Notice of Application (with appended draft Order); and
- (b) The Second Report of the Receiver.

5. On Monday, June 1, 2015 the MG Representatives served all persons on the Service List with a facsimile address for service (the "**Fax Recipients**") with the Application Materials, in each case by facsimile transmission to the facsimile address set out on the Service List.

6. On Tuesday, June 2, 2015 the MG Representatives re-served Saskatchewan Revenue and Financial Services by sending the Application Materials to a different facsimile number.

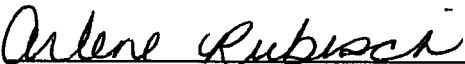
7. Attached hereto and marked as Exhibit "B" to this my Affidavit is a true copy of the transmittal letter that was sent to the Email Recipients and the Fax Recipients along with the Application Documents (the "**Transmittal Letter**").

8. I believe that all of the Email Recipients and all of the Fax Recipients have been served with the Application Materials.

9. I make this Affidavit as its contents are uncontroverted.

SWORN BEFORE ME at the City of)
Regina, in the Province of Saskatchewan,)
this 31st day of June, 2015.)

) 
) _____
) MICHAEL W. MILANI, Q.C.

) 
) _____

A COMMISSION FOR OATHS
in and for the Province of Saskatchewan.
My Commission expires: March 31, 2016

This and the following 2 pages
are Exhibit "A" referred to in the Affidavit of
Michael W. Milani, Q.C. sworn to herein before me
this 3rd day of June, 2015.

Arlene Rubischi
A COMMISSIONER FOR OATHS in and for the
Province of Saskatchewan.

My commission expires: March 31 2016

**Service List
As of May 12, 2015**

Company Name	Counsel	Contact	Email / Fax	PHONE
AJ Offspring Oilfield Services Ltd. 5009 - 47th Street Lloydminster, AB T9V 0E8	Politeski Strlichuk Milen	Jeffrey Kerr	jkerr@bordercitylaw.com	(306) 359-0785
Baker Hughes Canada Company Livingston Place West Suite 1000, 250 - 2nd Street SW Calgary, AB T2P 0C1	Davis LLP	Kenneth Reh / Laura Easton	leaston@davis.ca	(403) 698-8753
Baker Hughes Canada Company 374 - 3rd Avenue South Saskatoon, SK S7K 1M5	McKercher LLP	Paul Clemons	p.clemons@mckercher.ca	(306) 664-1329
CAL-GAS Inc. P.O Box 1680 Lloydminster, SK S9V 1K6	Robertson Moskal Sarsons	Christopher Sarsons	csarsons@lloydlaw.ca	(780) 875-7671
Canada Revenue Agency Prairies Regional Collection Centre PO BOX 557, Suite 260 - 1783 Hamilton ST. Regina, SK S4P 3A3		Joan Sellinger	(306) 757-1412	
Canadian Natural Resources Banker Hall East Tower Suite 2500, 855 - 2nd Street SW Calgary, AB T2P 4J8	Corporate Counsel	Jelena Molnar	jelena.molnar@cnrl.com	(403) 716-6202
Cru Well Servicing Ltd. 701 Broadway Ave. Saskatoon, SK S7N 1B3	McDougall Gauley LLP	C. Frith	cfrith@mcdougallgauley.com	(306) 653-1212
Dave Wilson 1400, 2500 Victoria Avenue Regina, SK S4P 3X2	Kanuka Thuringer LLP	Paul Harasen	pharasen@ktllp.ca	
Devon Canada Corporation Suite 2000, 400 - 3rd Avenue SW Calgary, AB T2P 4H2			(403) 515-5724	
KNC Holdings Inc. Suite 600, 105 - 21st Street East Saskatoon, SK S7K 0B3	Robertson Stromberg LLP	Bill Preston	b.preston@rslaw.com	(306) 933-1388
Lightstream Resources Ltd.	Corporate Counsel	Cam Chlasson	cchlasson@lightstreamres.com	(403) 775-0739
National Bank of Canada 3700, 400 - Third Avenue SW Calgary, AB T2P 4H2	Norton Rose Fulbright LLP	Howard Gorman	howard.gorman@nortonrosefulbright.com	(403) 267-8144
Rounded Energy Services Ltd. P.O. Box 1680 Lloydminster, SK S9V 1K6	Robertson Moskal Sarsons	Christopher Sarsons	csarsons@lloydlaw.ca	(780) 875-7671
Saskatchewan Ministry of The Economy Petroleum Development Branch 200 - 201 Scarth Street Regina, SK S4P 2H9		Tom Coleridge	tom.coleridge@gov.sk.ca	
Trican Partnership Livingston Place West Suite 1000, 250 - 2nd Street SW Calgary, AB T2P 0C1	Davis LLP	Brian Davison	bdavison@davis.ca	403-296-4470
Triple Duece Trucking Ltd. Box 146 Macklin, SK S0L 2C0		Keith Kohlman	khllside2@gmail.com	(306) 753-2974
Saskatchewan Workers' Compensation Board 200, 1881 Scrath Street Regina, SK S4P 4L1		Wayne Dale	(306) 787-9712	
Crescent Point Resources Partnership 1600, 421 - 7th Avenue SW Calgary, AB T2P 4K9	Gowling Lafleur Henderson LLP	Patrick Burgess	Patrick.Burgess@gowlings.com	(403) 298-1980
Northern Blizzard Resources Inc. 2500, 450 - 1st Street SW Calgary, AB T2P 5H1	Osler Hoskin & Harcourt LLP	Rob Desbarats	Rdesbarats@osler.com	(403) 260-7015

Company Name	Counsel	Contact	Email / Fax	Phone
Norbert O's Pressure Truck Services Ltd. Suite 600, 105 - 21st Street East Saskatoon, SK S7K 0B3	Robertson Stromberg LLP	Jared Epp	j.epp@rslaw.com	
Border Tank Rentals Ltd. 1500, 1881 Scrath Street Regina, SK S4P 4K9	McDougal Gauley LLP	Barry Bridges	bbridges@mcdougallgauley.com	
Boulder Oil Inc. 2264 Lorne Street Regina, SK S4P 2M7		Harold Rotstein	hrotstien@accesscomm.ca	
Red River Resources Ltd. 2050 Cross Place Regina, SK S4P 4V7		Darrell Shire	redriver@sasktel.net	
Information Services Corporation - Land Titles Registry 300, 10 Research Drive Regina, SK S4S 7J7		Deborah Pacholka	deb.pacholka@isc.ca	(306) 787-0451
Saskatchewan Revenue and Financial Services Suite 601, 1919 Saskatchewan Drive Regina, SK S4P 4H2			(306) 787-9712	
BMO Bank of Montreal 600, 2103 - 11th Avenue Regina, SK S4P 3Z8	Miller Thomson LLP		(306) 347-8350	
RM of Enniskillen, No. 3 Box 179 Oxbow, SK S0C 2B0			rm3@sasktel.net	(306) 483-2277
RM of Progress, No. 351 Box 460 Luseland, SK S0L 2A0			rm351@sasktel.net	(306) 372-4322

This and the following 25 pages
are Exhibit "B" referred to in the Affidavit of
Michael W. Milani, Q.C. sworn to herein before me
this 3~~rd~~ day of June, 2015.

Arlene Rubsai
A COMMISSIONER FOR OATHS in and for the
Province of Saskatchewan.

My commission expires: March 31 2016



Mr. Michael W. Milani, Q.C.
T: (306) 565-5117
mmilani@mcdougallgauley.com

Arlene Rubisch, Assistant
T: (306) 565-5122
arubisch@mcdougallgauley.com

Refer to: 542259-1 MWM

June 1, 2015

Dear Sir or Madam:

RE: Court File Number: 1401-02489
In the Matter of the Receivership of the Coast Resources Ltd.,
101033165 Saskatchewan Ltd., Viewfield Oil & Gas Ltd. and
Coast Services Inc. (the "Coast Entities")

We act as solicitors for FTI Consulting Canada Inc., the receiver and manager of the Coast Entities.

We enclose and serve on you the following documents (the "Application Documents") in connection with an application to be heard at the Calgary Court house at 2:00 p.m. on Monday, June 8, 2015:

- (a) Notice of Application (with appended draft Order); and
- (b) Second Report of the Receiver.

You are being served with the Application Documents because you are or you represent an interested party, or you have served a demand for notice.

Yours truly,

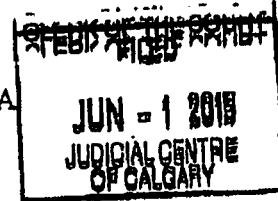
McDOUGALL GAULEY LLP

A handwritten signature in black ink, appearing to read 'Michael W. Milani', is written over the printed name.

MICHAEL W. MILANI

MWM/bh
Encls.

COURT FILE NUMBER: 1401-02489
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF: NATIONAL BANK OF CANADA
DEFENDANTS: COAST RESOURCES LTD., 101033165
SASKATCHEWAN LTD., VIEWFIELD OIL & GAS
LTD. and COAST SERVICES INC.
APPLICANT: FTI CONSULTING CANADA INC., in its capacity as
Court-appointed Receiver and Manager of the assets,
undertakings and property of COAST RESOURCES
LTD., 101033165 SASKATCHEWAN LTD.,
VIEWFIELD OIL & GAS LTD. and COAST
SERVICES INC.



DOCUMENT: **APPLICATION BY FTI CONSULTING CANADA INC., in
its capacity as Court-appointed Receiver and Manager of the
assets, undertakings and property of COAST RESOURCES
LTD., 101033165 SASKATCHEWAN LTD., VIEWFIELD
OIL & GAS LTD. and COAST SERVICES INC.**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION FOR PARTY FILING THIS
DOCUMENT **McDougall Gauley LLP
1500 - 1881 Scarth Street
Regina, Saskatchewan S4P 4K9
Solicitor: Mr. Michael W. Milani; Q.C.
Telephone: (306) 565-5117
Facsimile: (306) 359-0785
Email: mmilani@mcdougallgauley.com
File Number: 542259-1**

NOTICE TO RESPONDENT

This application is made against you. You are a Respondent.

You have a 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:	Monday, June 8, 2015
Time:	2:00 p.m.
Where:	Calgary Courts Centre, 601 – 5 Street S.W., Calgary AB T2P 5P7
Before Whom:	The Honourable Madam Justice J. Streckf

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. The following Orders:
 - (a) an Order approving the activities of the Receiver since the Date of Appointment, including approving its receipts and disbursements; and
 - (b) an Order authorizing and directing the second interim distribution of funds by the Receiver to National Bank of \$660,000.00 and the retention by the Receiver of the holdbacks of \$207,248.00;

substantially in the form of the Order attached hereto and marked as Schedule "A".

2. Such further and other relief, advice and directions as counsel may request and this Honourable Court may deem just and appropriate.

Grounds for making this application:

3. Pursuant to the Order made March 6, 2014 (the "Receivership Order") FTI Consulting Canada Inc. was appointed as receiver and manager (the "Receiver") of the assets, undertaking and properties (the "Property") of Coast Resources, 1010, Viewfield and Coast Services.
4. Pursuant to the Orders made January 8, 2015 the sale of Property and an interim distribution of sale proceeds were approved by the Court.
5. As described in the Second Report of the Receiver dated May 27, 2015 (the "Receiver's Second Report") the proposed utilization and distribution of sale proceeds, are just, appropriate and in the best interests of the administration of the receivership estate and the stakeholders affected thereby.

6. The details of the receipts and disbursements since the Date of Appointment are described in the Receiver's Second Report. As at May 12, 2015 the Receiver held \$867,248.00 in cash on hand. The Receiver is seeking authorization from the Court to distribute \$660,000.00 of that amount.

7. The remaining secured claim of National Bank is approximately \$2,400,070.00. There are also claims in respect of the Remaining Liens.

8. Based on information reviewed by the Receiver and the Receiver's Counsel, the registrations of the Remaining Liens comply with the requirements set out in *The Builders' Lien Act* (Saskatchewan) and the claimants hold valid and subsisting builders' liens.

9. The Receiver has assessed matters and determined that the law is not settled and is evolving, and the priority or entitlement to the amounts received by the Receiver on account of the FHI Working Interest (of approximately \$90,000.00) may require determination by the Court.

10. Such further and other grounds as may appear at the motion.

Material or evidence to be relied on:

11. (a) the pleadings and proceedings had and taken herein;
- (b) this Notice of Application with proof of service;
- (c) the Receiver's Second Report;
- (d) the proposed form of Order attached as Schedule "A" to this Notice of Application;
- (e) the inherent jurisdiction of this Honourable Court to control its own process; and
- (f) such further and other material as counsel may advise and this Honourable Court may allow.

Applicable rules:

12. (a) *Alberta Rules of Court* Rules 6.3(1), 6.9(1)(a), 6.47(e) and (f), 11.27 and 11.29.
- (b) Such further and other Rules as counsel may advise.

Applicable Acts and regulations:

13. (a) The *Judicature Act*, R.S.A. 2000, c J-2, as amended, and in particular section 8 thereof.
- (b) The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and in particular section 243 thereof.
- (c) The *Builders' Lien Act*, S.S. 1984-85-86, c. B-7.1, as amended, and in particular sections 22 and 71 thereof.
- (d) Such further and other Acts and Regulations as counsel may advise.

Any irregularity complained of or objection relied on:

14. None.

How the application is proposed to be heard or considered:

15. Oral argument and the Receiver's Second Report.

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.

SCHEDULE "A"
TO THE NOTICE OF APPLICATION

COURT FILE NUMBER: 1401-02489

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF: NATIONAL BANK OF CANADA

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

APPLICANT: FTI CONSULTING CANADA INC., in its capacity as
Court-appointed Receiver and Manager of the assets,
undertakings and property of COAST RESOURCES
LTD., 101033165 SASKATCHEWAN LTD.,
VIEWFIELD OIL & GAS LTD. and COAST
SERVICES INC.

DOCUMENT: ORDER RESPECTING ADDITIONAL DISTRIBUTION
AND HOLDBACKS

ADDRESS FOR SERVICE AND CONTACT INFORMATION FOR PARTY FILING THIS DOCUMENT McDougall Gauley LLP
1500 - 1881 Scarth Street
Regina, Saskatchewan S4P 4K9
Solicitor: Mr. Michael W. Milani, Q.C.
Telephone: (306) 565-5117
Facsimile: (306) 359-0785
Email: mmilani@mcdougallgauley.com
File Number: 542259-1

DATE ON WHICH ORDER WAS PRONOUNCED: June [•], 2015

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice
J. Streckf

LOCATION OF HEARING: Calgary, Alberta

FURTHER INTERIM DISTRIBUTION ORDER

UPON THE APPLICATION of counsel to FTI Consulting Canada Inc., in its capacity as Court-appointed receiver and manager (the "Receiver") of the assets, undertaking and properties of Coast Resources Ltd. ("Coast Resources"), 101033165 Saskatchewan Ltd. ("1010"), Viewfield Oil & Gas Ltd. ("Viewfield") and Coast Services Inc. ("Coast Services", and together with Coast Resources, 1010 and Viewfield, the "Debtor"), for an Order approving the interim distribution of funds as outlined in the Receiver's Second Report dated May 27, 2015 (the "Receiver's Second Report");

AND UPON HAVING READ the pleadings and proceedings had and taken herein, and the Affidavit of Service;

AND UPON hearing the submissions of counsel for the Receiver, of counsel for National Bank of Canada, and from any other interested parties who may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and the time for service of this application is abridged to that actually given.
2. All capitalized terms not defined herein shall have the respective meanings ascribed to them in the Receiver's Second Report.
3. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to May 12, 2015, as set out in the Receiver's Second Report, is hereby approved.
4. The Receiver is hereby authorized and directed to make a distribution of \$660,000.00 to National Bank (the "Distribution"), and to retain holdbacks totalling \$207,248.00, as follows:
 - (a) FHI Working Interest (estimated value) - \$90,000;
 - (b) Professional Fees - \$50,000;

(c) Operating and Administrative Expenses - \$35,248; and

(d) GST Payable - \$32,000.

5. The actions taken by the Receiver to date, as reported in the Receiver's Second Report, are hereby approved and ratified.

6. The Receiver is hereby further authorized to take any act and execute any document that may be, in the opinion of the Receiver, necessary to effect the Distribution.

7. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

8. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories, and in particular the Province of Saskatchewan, or in the United States to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order as to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

9. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal

delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

J.C.Q.B.A.

COURT FILE NUMBER 1401-02489
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANTS COAST RESOURCES LTD., 101033165
SASKATCHEWAN LTD., VIEWFIELD OIL &
GAS LTD. and COAST SERVICES INC.

CLERK OF THE COURT
FILED
JUN - 1 2015
CALGARY, ALBERTA

IN THE MATTER OF THE RECEIVERSHIP OF
COAST RESOURCES LTD., 101033165
SASKATCHEWAN LTD., VIEWFIELD OIL &
GAS LTD. and COAST SERVICES INC.

DOCUMENT SECOND REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS COURT
APPOINTED RECEIVER AND MANAGER OF
COAST RESOURCES LTD., 101033165
SASKATCHEWAN LTD., VIEWFIELD OIL &
GAS LTD. and COAST SERVICES INC.

May 27, 2015

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER
FTI Consulting Canada Inc.
Suite 720, 440 – 2nd Avenue S.W.
Calgary, AB T2P 5E9
Deryck Helkaa / Brett Wilson
Telephone: (403) 681-3195 / (403) 470-4054
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
brett.wilson@fticonsulting.com

COUNSEL
McDougall Gauley LLP
1500 – 1881 Scarth Street
Regina, SK S4P 4K9

Michael W. Milani, Q.C. / Erin M.S. Kleisinger
Telephone: (306) 565-5117 / (306) 565-5149
Fax: (306) 359-0785
Email: mmilani@mcdougallgauley.com
eklcisinger@mcdougallgauley.com

INTRODUCTION

1. On March 6, 2014 (the “Date of Appointment”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “Receiver”) of all the assets, undertakings and properties (the “Property”) of Coast Resources Ltd. (“Coast Resources”), 101033165 Saskatchewan Ltd. (“1010”), Viewfield Oil & Gas Ltd. (“Viewfield”) and Coast Services Inc. (“Coast Services”) (sometimes collectively referred to as the “Companies”) pursuant to an order of this Honourable Court (the “Receivership Order”).
2. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Companies, to market and solicit offers to purchase the Assets (as defined below) of the Companies, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. The Receiver’s reports and other information in respect of these proceedings (the “Receivership Proceedings”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/coastrcsources/>.
4. The Receiver filed its First Report in respect of these proceedings on December 18, 2014. All capitalized terms not otherwise defined herein shall have the meaning given to them in the First Report.
5. On January 8, 2015 the Honourable Mr. Justice Blair Nixon granted, *inter alia*, the following Orders:
 - (a) An Order authorizing and directing the Receiver to complete the Crescent Point APS (the “Crescent Point Approval and Vesting Order”). The Receiver subsequently closed the Crescent Point APS on January 15, 2015, and collected the net proceeds;

- (b) An Order authorizing and directing the Receiver to complete the NBRI APS (the “NBRI Approval and Vesting Order”). The Receiver subsequently closed the NBRI APS on January 15, 2015, and collected the net proceeds; and
 - (c) An Order approving the Interim Distributions as set out in the First Report (the “Interim Distribution Order”). The Receiver completed the Interim Distributions, as more fully set out below, on or about April 6, 2015.
6. The purpose of this report, which is the Receiver’s second report (this “Second Report”), is to provide an update and inform the Court on the following:
- (a) The status of various aspects of the Receivership Proceedings;
 - (b) The Receiver’s receipts and disbursements from the Date of Appointment to May 12, 2015;
 - (c) The Receiver’s summary and comments with respect to the Remaining Liens;
 - (d) The Receiver’s proposed distribution; and
 - (e) The Receiver’s recommendations.
7. The Receiver is requesting the following relief from this Honourable Court:
- (a) Approval of the activities of the Receiver since the Date of Appointment, including its receipts and disbursements; and
 - (b) Approval to make an additional distribution (the “Second Distribution”) as recommended herein.

TERMS OF REFERENCE

8. In preparing this Second Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Companies' books and records and discussions with various parties (collectively, the "Information").
9. Except as described in this Second Report:
 - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
10. Future oriented financial information reported or relied on in preparing this Second Report is based on assumptions regarding future events; actual results may vary from forecasts and such variations may be material.
11. The Receiver has prepared this Second Report in connection with the motion described in the Receiver's Application. This Second Report should not be relied on for other purposes.
12. Information and advice described in this Second Report has been provided to the Receiver by its counsel, McDougall Gauley LLP (the "Receiver's Counsel"), and has been provided to the Receiver to assist it in considering its course of action and is not intended as legal or other advice to, and may not be relied upon by, any other stakeholder.

13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

BACKGROUND

14. Each of the Companies is a private entity incorporated under the laws of the Province of Saskatchewan and was established to invest in and operate oil and gas properties in Saskatchewan. The operations of the Companies included the following three core oil and gas exploration and production areas (collectively, the "Assets"), which are described as follows:
 - (a) Coast Resources, Viewfield, and Coast Services held various working interests in petroleum and natural gas leases on an operated and non-operated heavy oil property located near Luseland, Saskatchewan (the "Luseland Property");
 - (b) 1010 held various working interests in petroleum and natural gas leases on an operated heavy oil property in southeastern Saskatchewan (the "Glen Ewen Property"); and
 - (c) Coast Resources, Viewfield, and Coast Services hold various working interests in petroleum and natural gas leases in an undeveloped property located in eastern Saskatchewan (the "Hoosier Property").

ASSET SALES

15. In accordance with the Crescent Point Approval and Vesting Order and the NBRI Approval and Vesting Order, the Receiver completed the Transactions and collected the net proceeds.

16. The Transactions included the sale of the majority of the Companies' Assets and all of their producing properties. All that remains is the Hoosier Property which has no significant liabilities associated with it, as described in the First Report.

SUMMARY OF RECEIPTS AND DISBURSEMENT

17. Receipts and Disbursements from the Date of Appointment to May 12, 2015, are summarized as follows:

Schedule	Receipts and Disbursements	Notes
Receipts		
	Proceeds from the Sale of the Assets	5,445,583 a
	Oil and Gas Revenue	2,535,969 b
	Receiver Certificate	250,000 c
	GST / PST Collected	173,081
	Other Receipts	44,678 d
	Bank Account Transfer	33,204 e
	Total - Receipts	8,482,515
Disbursements		
	Payment to Secured Creditor	3,150,000 f
	Operating Expenses	2,018,293 g
	Royalty and Lease Payments	574,348 h
	Interim Distributions	499,318 i
	Employee Costs	336,734 j
	Legal Fees and Disbursements	267,021
	Receiver's Fees and Costs	219,692
	GST/PST Paid	153,782
	Bank Charges	132,608 k
	Property Tax	120,957 l
	Other Disbursements	38,345 m
	Rent and Utilities	27,863
	Other Professional Fees	24,977 n
	GST Remitted	23,440
	Deemed Trust Claim	15,003
	Insurance	12,884
	Total - Disbursements	7,615,266
	Net Cash on Hand	867,248

- (a) Proceeds from the Sale of the Assets – net proceeds from the Crescent Point APS and NBRI APS;
- (b) Oil and Gas Revenue – revenue collected by the Receiver in respect of the sale of oil and gas from the Assets;
- (c) Receiver Certificate – amounts borrowed from National Bank of Canada (“National Bank”) under terms of the Receivership Order;
- (d) Other Receipts – receipts from joint venture partners, GST refunds and other miscellaneous collections;
- (e) Bank Account Transfer – funds transferred from Coast Resources’ and 1010’s bank accounts to the Receiver’s bank account in accordance with the Receivership Order;
- (f) Payment to Secured Creditor – distribution to National Bank based on its security and amounts borrowed under the terms of the Receivership Order and as approved under the Interim Distribution Order;
- (g) Operating expenses – operating expenses relating to the Assets;
- (h) Royalty and Lease Payments – amounts disbursed in respect of the Companies’ petroleum and natural gas leases;
- (i) Interim Distributions – amounts disbursed under the terms of the Interim Distribution Order to creditors whose claims ranked in priority to National Bank;
- (j) Employee Costs – amounts disbursed by the Receiver relating to payroll and employee deductions and consultants;

- (k) Bank Charges – amounts disbursed in respect of interest on amounts borrowed under the Receiver Certificate, wire payment fees, overdraft and interest in respect of the Companies' pre-receivership accounts and other miscellaneous charges;
- (l) Property Tax – amounts paid for 2013 and 2014 property taxes in accordance with the Interim Distribution Order;
- (m) Other Miscellaneous Expenses – amounts disbursed including the deposit to SME as described in the First Report, filing fees paid to the Official Receiver, off-site storage and employee benefits; and
- (n) Other Professional Fees – pre-receivership fees and disbursements relating to advisory services pursuant to National Bank's credit agreement.

18. As at May 12, 2015, the Receiver held \$867,248 in cash on hand. The Receiver is seeking authorization from this Honourable Court to distribute some of the cash on hand as set out below.

HOOSIER

19. Sayer continues to market the Hoosier Property; however, the Receiver does not currently have an offer on this particular property. The Receiver advises that the asset value is not material.

REMAINING BUILDERS' LIENS

20. As set out in the Receiver's First Report, the Receiver reserved certain funds from the proceeds of the closing of the Crescent Point APS and NBRI APS as more fully described in the Interim Distribution Order.

21. The Receiver and the Receiver's Counsel have analyzed the Remaining Liens following the payments under the Initial Distribution. After the Interim Distribution, the remaining secured claim of National Bank totaled approximately \$2,400,070.
22. A summary of the Remaining Liens, by lien holder and on a location-by-location basis, is presented in the table below:

Legal Description	Surface Location	Tricon	Cru Well	Rounded			Baker Hughes		Total
				Energy	Cal-Gas			ERC	
SE Sec 21 Twp 35 Rge 25 W3	001/01-21-035-25	-	20,117	1,680	396	11,746	61,994	95,933	
	001/02-21-035-25	-	71,209	-	3,400	-	16,539	91,148	
	011/07-21-035-25	-	80,399	10,277	10,377	21,948	7,216	130,216	
	041/08-21-035-25	-	-	-	1,253	-	19,332	20,585	
	Total - Section	-	171,725	11,957	15,425	33,694	105,081	337,863	
NE Sec 21 Twp 35 Rge 25 W3	021/09-21-035-25	-	20,363	1,890	3,267	-	12,388	37,908	
	012/10-21-035-25	-	-	-	3,140	-	26,055	29,195	
	03X/11-21-035-25	-	-	-	-	-	-	-	
	Total - Section	-	20,363	1,890	6,407	-	38,443	67,103	
Sec 22 Twp 35 Rge 25 W3	041/12-22-035-25	8,613	10,761	1,890	3,042	-	14,176	38,482	
	03X/13-22-035-25	-	-	-	-	-	-	-	
	Total - Section	8,613	10,761	1,890	3,042	-	14,176	38,482	
SW Sec 03 Twp 36 Rge 25 W3	031/04-03-036-25	-	21,866	-	21,177	-	2,355	45,398	
	Total - All Sections	8,613	224,715	15,737	48,052	33,694	160,056	397,267	

23. The Receiver has reconciled the Remaining Liens to the Companies' records and all Remaining Liens have been proven or adjusted (nominally) to reflect the Companies' records, with the agreement of the holders of the Remaining Liens.
24. The Receiver and the Receiver's Counsel reviewed the Remaining Liens in order to confirm the amount of such claims and the likely priority of such claims (vis-à-vis the security of National Bank). The applicable analysis is summarized below.

ANALYSIS OF REMAINING LIENS

25. *The Builders' Lien Act* (Saskatchewan) (the "BLA"), as amended, requires a lien claimant to, amongst other things, register the lien in the prescribed form at the Saskatchewan Land Titles Registry, or in the cases of Crown leases, at SME.

26. Based on information reviewed by the Receiver and the Receiver's Counsel, the registrations of the Remaining Liens comply with the requirements set out in the BLA and the claimants hold valid and subsisting builders' liens.
27. National Bank registered its mortgage interest as against the Companies' oil and gas interests in each of the mineral properties that were sold (where one or more builders' liens are also registered). National Bank also registered its security interest against the Companies' assets at the Saskatchewan Personal Property Registry (the "PPR") prior to any builders' liens being registered.
28. Any distributions to the holders of the Remaining Liens could potentially result only from the following recoveries relating to the specific property against which the lien was registered:
- (a) Recoveries relating to the net proceeds of the recovered minerals on hand at the date of the Receivership (the "Oil Inventory"), as set out in s. 22(2)(e) of the BLA, which provides that where services or materials are provided preparatory to, in connection with or for an abandonment operation in connection with the recovery of a mineral (a "Mineral Lien"), then the lien is also a lien on:
- ...the mineral when severed and recovered from the land while it is in the hands of the owner, and to the proceeds of the mineral and to the amounts to be paid in lieu of the proceeds of the mineral to the owner by a person that operates the mine, oil well or gas well.
- (b) The value of certain equipment (the "Machinery") as set out in s. 22(2)(f) of the BLA, which provides that where the lien is a Mineral Lien, the lien is also a lien on:

...the interest of the owner in the fixtures, machinery, tools, appliances and other property in or on the mines, mining claim or land, oil or gas well and the appurtenances thereto; and

- (c) The value of the FHI Working Interests.

OIL INVENTORY

29. The Receiver determined the estimated net value of the Oil Inventory that the Companies had produced at the Date of Appointment, but had not yet sold.
30. The Receiver estimates that the value of the net Oil Inventory to be nominal and likely negative after considering the operating expenses, royalties, administrative and other general and associated receivership costs paid by the Receiver. Accordingly, the Receiver advises that there is no distribution to be made with respect to the Remaining Liens, relating to the Oil Inventory.

MACHINERY

31. The Receiver understands that National Bank has priority to the amounts derived from the sale and/or value of the Machinery included in the Crescent Point APS and NBRI APS as National Bank registered its security interest at the PPR in advance of the registration of the builders' liens. Accordingly, the Receiver's view is that National Bank's security ranks in priority to the Remaining Liens.

FHI WORKING INTERESTS

32. As described in the Receiver's First Report, at the Date of Appointment FHI was indebted to one or more of the Companies in the amount of approximately \$1.2 million as a result of joint venture billings from the Companies related to drilling and operating expenses (the "FHI Indebtedness").

33. The FHI Working Interests were included (by the proposed purchasers) in various offers to purchase the Luseland Property and the Hoosier Property. Therefore, the Receiver required the FHI Working Interests in order to accept the offers. FHI agreed to sell and assign the FHI Working Interests to the Receiver for the amount of the FHI Indebtedness (and in satisfaction of the FHI Indebtedness). The Receiver and FHI entered into an assignment agreement effective October 21, 2014 (the "Assignment Agreement").
34. Pursuant to the Assignment Agreement, the FHI Working Interests were assigned to the Companies. The FHI Working Interests were in existence at the time the fixed charges were granted to National Bank. Prior to the FHI Working Interests being assigned to the Companies pursuant to the Assignment Agreement the builders' liens had attached to the FHI Working Interests as a result of section 22 of the BLA.
35. The Receiver's counsel has reviewed the competing priority claims of National Bank and the Builders' Lien claimants, respectively, in respect of the FHI Working Interests, and has advised the Receiver that the law is not settled and is evolving. Accordingly, the Receiver has completed the analysis below to estimate the value of the FHI Working Interests and recommends holding these proceeds in order for National Bank and the holders of the other applicable Remaining Liens to advance their respective positions.
36. The Receiver has valued the FHI Working Interests based on the following:
- (a) The net present value of reserves discounted at 10% before taxes, based on the Companies' 2013 Luseland Property reserve report completed by Sproule Associates Ltd. The FHI Working Interest only related to the land and proceeds included in the NBRI APS.
 - (b) A summary of the reserves used to value the FHI Working Interests is presented below:

- (i) Proved developed producing reserves ("PDP");
 - (ii) Proved developed non-producing reserves ("PNP");
 - (iii) Proved reserves ("Proved");
 - (iv) Probable developed producing reserves ("PADP");
 - (v) Probable non-producing reserves ("PANP");
 - (vi) Probable undeveloped reserves ("PAUD"); and
 - (vii) Proved plus probable reserves ("2P Reserves").
- (c) The allocation of the purchase price to the petroleum and natural gas rights as contemplated in the NBRI APS (\$1,568,000) (the "PNG Purchase Price").

37. A summary of the Companies' reserve value by location is presented in that table below:

amounts in thousands (000s)		NPV 10%						
Legal Description	Surface Location	PDP	PNP	Proved	PADP	PANP	PAUD	2P
SE Sec 21 Twp 35 Rge 25 W3	101/01-21-035-25	250	-	250	133	-	-	383
	101/02-21-035-25	507	-	507	198	-	-	705
	111/07-21-035-25	72	-	72	56	-	-	128
	141/08-21-035-25	847	-	847	205	-	-	1,052
	Total - Section	1,676	-	1,676	592	-	-	2,268
NE Sec 21 Twp 35 Rge 25 W3	121/09-21-035-25	885	-	885	190	-	-	1,075
	112/10-21-035-25	1,327	-	1,327	305	-	-	1,632
	1XX/11-21-035-25	-	-	-	-	-	70	70
	Total - Section	2,212	-	2,212	495	-	70	2,777
Sec 22 Twp 35 Rge 25 W3	141/12-22-035-25	1,381	-	1,381	330	-	-	1,711
	1XX/13-22-035-25	-	-	-	-	-	2,647	2,647
	Total - Section	1,381	-	1,381	330	-	2,647	4,358
SW Sec 03 Twp 36 Rge 25 W3	131/04-03-035-25	-	1,296	1,296	-	433	-	1,729
Total - All Sections	5,269	1,296	6,565	1,417	433	2,717	11,132	

38. A summary of the Companies' PNG recovery (the "Recovery") is presented in the table below:

amounts in thousands (000s) Reserve	PNG Purchase Price (a)	Reserve Value (b)	PNG Recovery (c = a/b)
PDP	1,568	5,269	30%
Total Proved	1,568	6,565	24%
2P	1,568	11,132	14%

39. The value of the FHI Working Interests was determined by multiplying the PDP, Proved, and 2P Reserves value by the respective PNG Recovery and the result was then multiplied by the FHI Working Interests for each location.
40. The Receiver's analysis estimates the range of values of the FHI Working Interests to be between \$90,000 and \$113,000. The Receiver has estimated the holdback amount at the 2P Reserves value to be \$90,000, as summarized below.

amounts in thousands (000s) Legal Description	Surface Location	PDP + PNG Recovery	Proved + PNG Recovery	2P + PNG Recovery	FHI Working Interest	FHI Working Interest PDP Value	FHI Working Interest Proved Value	FHI Working Interest 2P Value
SE Sec 21 Twp 35 Rge 25 W3	101/01-21-035-25	74	60	54	20%	15	12	11
	101/02-21-035-25	151	121	99	20%	30	24	20
	111/07-21-035-25	21	17	18	10%	2	2	2
	141/08-21-035-25	252	202	148	3%	8	6	4
	Total - Section	499	400	319		55	44	37
NE Sec 21 Twp 35 Rge 25 W3	121/09-21-035-25	263	211	151	3%	8	6	5
	112/10-21-035-25	395	317	230	10%	39	32	23
	1XX/11-21-035-25	-	-	10	10%	-	-	1
	Total - Section	658	528	391		47	38	29
Sec 22 Twp 35 Rge 25 W3	141/12-22-035-25	411	330	241	0%	-	-	-
	1XX/13-22-035-25	-	-	373	0%	-	-	-
	Total - Section	411	330	614		-	-	-
SW Sec 03 Twp 36 Rge 25 W3	131/04-03-035-25	-	310	244	10%	-	31	24
	Total - All Sections	1,568	1,568	1,568		102	113	90

SECOND DISTRIBUTION

41. The table below summarizes the Receiver's proposed Second Distribution to National Bank and holdbacks totaling \$207,248.

Second Distribution	
Funds Available for Distribution	
Net Cash on Hand	867,248
Total - Funds Available for Distribution	867,248
Proposed Holdbacks	
FHI Working Interest (est. Value)	90,000
Professional Fees	50,000
Operating and Administrative Expenses	35,248
GST Payable	32,000
Total - Holdbacks	207,248
Second Distribution	
National Bank	660,000
Total - Proposed Distributions	660,000
Projected Ending Cash	-

RECEIVER'S RECOMMENDATIONS

42. The Receiver respectfully recommends that this Honorable Court approve the following:
- (a) The activities of the Receiver since the Date of Appointment including its receipts and disbursements; and
 - (b) The Second Distribution to National Bank of \$660,000, and the holdbacks described in paragraph 41 including the holdback of \$90,000 relating to the estimated value of the FHI Working Interests.

All of which is respectfully submitted this 27th day of May, 2015.

**FTI Consulting Canada Inc.
in its capacity as Court Appointed Receiver and
Manager of Coast Resources Ltd., 101033165
Saskatchewan Ltd., Viewfield Oil & Gas Ltd.
and Coast Services Inc.**



Name: Deryck Helkaa
Title: Senior Managing Director,
FTI Consulting Canada Inc.