



COURT FILE NUMBER 1201-16124  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

**IN THE MATTER OF AN APPLICATION UNDER  
SUBSECTION 47(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, C B-3, AS  
AMENDED**

**AND IN THE MATTER OF SECTION 13(2) OF  
THE *JUDICATURE ACT*, RSA 2000, C J-2, AS  
AMENDED**

PLAINTIFF(S) NATIONAL BANK OF CANADA  
DEFENDANT(S) SOLARA EXPLORATION LTD.  
DOCUMENT APPROVAL and VESTING ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
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I hereby certify this to be a true copy of the original 9/07  
Dated this 7 day of November 2013  
\_\_\_\_\_  
for Clerk of the Court

**APPROVAL AND VESTING ORDER**

**DATE ON WHICH ORDER WAS PRONOUNCED:** November 7, 2013  
**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta  
**NAME OF THE JUDGE WHO MADE THIS ORDER:** Honourable Justice G.C. Hawco

UPON the application of FTI Consulting Canada Inc. (the "Receiver"), in its capacity as the court-appointed receiver and manager of all of the assets, properties and undertakings of Solara Exploration Ltd. ("Solara") for an Order approving the transactions of purchase and sale and assignment and assumption (the "Transaction") contemplated by the Agreement of Purchase and Sale dated as of October 28, 2013 (the "Purchase Agreement") and entered into between the Receiver and Incipient Exploration Ltd. (the "Purchaser"); AND UPON having

read the Application, the First Report of the Receiver dated November 1, 2013 (the “**First Report**”), the Confidential Report of the Receiver dated November 1, 2103 (the “**Confidential Report**”), all other prior materials filed in the within proceedings, and the affidavit of service of Ashley Rees of notice of the within application; **AND UPON** hearing the submissions of counsel for the Receiver and any other interested parties appearing at the hearing of the within application;

**IT IS HEREBY ORDERED AND DECLARED AS FOLLOWS:**

1. Unless otherwise defined herein, all capitalized terms shall have the meaning given to them in the Purchase Agreement.
2. The manner of service of the within Application and the materials in support thereof is hereby approved and validated, the time for service thereof is abridged (if necessary) to the time actually given.

**APPROVAL OF PURCHASE AGREEMENT**

3. The Transaction as contemplated by the Purchase Agreement which is attached as Appendix “A” to the Confidential Report is hereby approved.
4. The Purchase Agreement and the execution and acceptance thereof by the Receiver, (including any amendments that may be agreed upon by the parties), is hereby authorized and approved (*nunc pro tunc* if necessary) and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as the Receiver considers to be necessary or desirable for the completion of the Purchase Agreement, for the assignment and conveyance of the Assets to the Purchaser and to otherwise complete the Transaction.
5. The Receiver is hereby further authorized and directed, subject to the terms and conditions of this Order and the Purchase Agreement, to take such additional steps as the Receiver considers to be necessary or desirable for the completion of the Transaction, and for the assignment and conveyance of Solara’s right, title and interest in the Assets to the Purchaser substantially as contemplated by the terms and conditions of this Order and the Purchase Agreement, and for greater certainty, the sale of the Assets is also approved pursuant to paragraphs 4(l) and 4(m) of the Receivership Order granted on December 19, 2012.

6. The actions, conduct and activities of the Receiver to date, as outlined in the First Report are hereby authorized and approved.

### VESTING PROVISIONS

7. Subject only to approval of the transfer of applicable licenses and approvals by the Alberta Energy Regulator under section 24 of the *Oil and Gas Conservation Act* (Alberta), effective immediately upon the Closing of the Transaction contemplated by the Purchase Agreement, all legal and beneficial ownership of and title to the Assets listed, shall vest and is hereby vested in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens whether contractual, statutory or otherwise (including without limitation any statutory or builders' liens), executions, levies, charges, or other financial or monetary claims, taxes and arrears of taxes, executions, levies and other rights, limitations, restrictions, interests and encumbrances, whatsoever, howsoever and wheresoever created or arising whether absolute or contingent, fixed or floating, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (i) any encumbrances or charges created by the Receivership Order of this Honourable Court, granted December 19, 2012 or any further orders granted in this action;
- (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and

notwithstanding section 191 of the *Land Titles Act*, RSA 2000, c L-4, as amended, all Claims with the exception of the Permitted Encumbrances identified in Schedule "A" attached to this Order, are hereby expunged and discharged as against all of Solara's right, title and interest in real property, including without limitation the lands included in the Assets.

8. This Order and any discharges contemplated herein shall be registered by the Registrar of Land Titles (Alberta) (the "**Registrar**"), notwithstanding the requirements of section 191 of the *Land Titles Act*, RSA 2000, c L-4, as amended.

9. Other than a certified copy of this Order and a letter from Blake, Cassels & Graydon LLP, counsel to the Receiver, authorising the use of this Order (the “**Authorisation Letter**”), no further authorising or approval or other action by any governmental authority or regulatory body exercising jurisdiction over the Assets shall be required for the Closing and post-Closing implantation of the Transaction contemplated in the Sale Agreement.

10. Any transfers, assignments, or other conveyances in respect of the Assets to be registered at any Land Titles Office, the Ministry of Energy or any other government agency, shall be deemed to be validly executed in the following manner as applicable:

FTI Consulting Canada Inc., in its capacity as  
Receiver and Manager of Solara Exploration Ltd.,  
and not in its personal capacity.

Per: \_\_\_\_\_

11. The Purchase Price represents the best possible and realizable value for the Assets in the present circumstances.

#### **ASSIGNMENT AND CONVEYANCE OF ASSETS**

12. All of the Assets that are assigned or conveyed by the Receiver to the Purchaser pursuant to this Order and the Purchase Agreement shall, upon such assignment or conveyance, be free and clear of and from any and all Claims and any and all rights of first refusal in relation to the assets.

13. The sale of the Assets to the Purchaser does not trigger any rights of first refusal and no parties may object or subsequently challenge the sale of the Assets to the Purchaser on the basis that it has a right of first refusal.

#### **CLOSING OF THE SALE TRANSACTION**

14. The closing of the Transaction shall be effected in accordance with the terms of the Purchase Agreement and such amendments to the Purchase Agreement as may be agreed to in writing between the Purchaser and the Receiver.

15. Until further Order of this Honourable Court, the net proceeds arising out of the Purchase Agreement shall be held in trust by the Receiver or the Receiver’s counsel and such net proceeds

shall stand in the place and stead of the Assets and all Claims shall attach solely to such net proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available immediately prior to the closing of the Transaction as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the closing of the Transaction.

16. Upon the closing of the Transaction, Solara and all persons who claim in respect of the Assets, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such person other than the Receiver remains in possession or control of any of the Assets, they shall forthwith deliver possession of same to the Purchaser or its nominee.

17. If the Transaction is for any reason not completed the Receiver and the Purchaser are hereby given leave to re-apply to this Honourable Court for such variations and modifications to the within Order as may be necessary and prudent in the circumstances, including without limitation reinstatement of affected Claims.

### **SEALING OF REPORT**

18. The Confidential Report shall immediately be sealed by the Clerk of the Court, kept confidential and not form part of the public record, and not be available for public inspection unless and until otherwise ordered by this Court, upon seven days' notice to all interested parties.

19. The Clerk of the court is hereby directed to place the sealed Confidential Report separate and apart from all other contents of the Court file in a sealed envelope attached to a notice that sets out the title to these proceedings, the aforementioned description of the documents contained therein, and a statement that the contents of the envelope are sealed pursuant to this Order.

### **GENERAL**

20. Notwithstanding:

- (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Solara and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Solara;

the vesting of the lands included in the Assets and the assignment and conveyance of the Assets to the Purchaser pursuant to the Purchase Agreement as approved by this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Solara and shall not be void or voidable, shall not constitute or be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, and shall not constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

21. No authorization or approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by the Receiver of the Purchase Agreement, other than authorizations, approvals or exemptions from requirements therefor previously obtained and currently in force, if any.

22. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada 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 orders and to provide such assistance to the Receiver, as an officer of this 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.

### **SERVICE OF THIS ORDER**

23. This Order shall be sufficiently served by serving the same on the service list, in the same manner as the Application was served and by posting a copy of the same on the Receiver's website at: <http://cfcanada.ficonsulting.com/solara/default.htm>.

24. Service of this Order on any other interested person in any other manner than set out above is hereby dispensed with.



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**J.C.Q.B.A.**

## Schedule "A"

### Permitted Encumbrances

- (a) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles wires and cable;
- (b) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (c) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements and limitations of general application;
- (d) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (e) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
- (f) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
- (g) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
- (h) the terms and condition of the Leases and the Title and Operating Documents; and
- (i) any other circumstance, matter or thing disclosed in and Schedule attached to the Sale Agreement.