

Clerk's stamp:

COURT FILE NO. 1201-07521

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF NATIONAL BANK OF CANADA

DEFENDANT TRAFINA ENERGY LTD.

DOCUMENT **SALE APPROVAL AND VESTING ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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DATE ON WHICH ORDER WAS PRONOUNCED: October 24, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Justice Chambers

NAME OF JUSTICE WHO MADE THIS ORDER: Justice K. Yamauchi

UPON the application of FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager (the “**Receiver**”) of Trafina Energy Ltd. (“**Trafina**”); **AND UPON** reading the Receiver’s Second Report dated October 17, 2012 (the “**Second Report**”), filed, the Asset Purchase and Sale Agreement dated October 15, 2012 (the “**Sale Agreement**”) between the Receiver and Quattro Exploration and Production Ltd. (the “**Purchaser**”) and the Affidavit of Service of Carol Benish sworn October 18, 2012, filed; **AND UPON** hearing counsel for the Receiver, counsel for National Bank of Canada, counsel for the Purchaser, and counsel for other interested parties; **AND UPON** it appearing that the Sale Agreement represents the best realizable value for the Assets (as defined below) in the present circumstances;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the Application and materials in support thereof be and is hereby abridged to the date of actual service and that service be and is hereby approved, the Application is properly returnable today and all parties entitled to notice of this Application have been properly served, and further service is hereby dispensed with.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Second Report and the Sale Agreement, as applicable.
3. The Sale Agreement and the transaction contemplated therein (the “**Transaction**”) pursuant to which the Purchaser has agreed to purchase from the Receiver all of Trafina’s right, title and interest (whether absolute or contingent, legal or beneficial), if any, in and to the Assets, be and is hereby approved.
4. Approval is hereby granted to the Receiver and the Receiver is hereby authorized and directed to proceed with the Transaction and in particular, the sale by the Receiver to the Purchaser of all of Trafina’s right, title and interest in and to the Assets, and to take all steps necessary to complete the Transaction and, for greater certainty, the sale of the Assets is also approved pursuant to paragraphs 3(1)(ii) and 3(m) of the Receivership Order.
5. Upon Closing of the Transaction, all of the right, title, interest, estate and equity of redemption of Trafina, and any parties claiming through it in and to the Assets will be extinguished and all of Trafina’s right, title and interest in and to the Assets, including the legal and beneficial ownership of title to the Assets, shall, without further instrument of transfer or assignment, vest absolutely and forever in the Purchaser in accordance with and as contemplated by the Sale Agreement, free and clear of and from any and all estate, right, title, interest, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes (including any unpaid property taxes in respect of the Assets), judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, easements, covenants, caveats, encumbrances, or other rights, limitations or restrictions of any nature whatsoever, or any other contractual, financial or monetary claims of any nature whatsoever including, without limitation, any rights or interests of

any creditors of Trafina whether or not any of the foregoing have attached or been perfected, registered or filed, whether secured, unsecured or otherwise, whether liquidated, unliquidated or contingent (collectively, the “**Claims**”) and, for greater certainty, this Court orders that all of the Claims, except for Permitted Encumbrances, as set forth in Schedule “A” hereto, affecting or relating to Trafina’s right, title and interest in the Assets are hereby expunged and discharged as against the Assets.

6. The Purchaser shall, by virtue of the completion of the transaction, have no liability of any kind whatsoever to any persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other natural persons or corporations, whether acting in their capacity as principals or as agents, trustees, executives, administrators or other legal representatives (collectively, the “**Claimants**”), in respect of any Claims any of the Claimants may have against Trafina.
7. 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 authorisation 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 implementation of the transaction contemplated in the Sale Agreement.
8. The Receiver is authorised and directed to deliver to the Purchaser at Closing a general conveyance and post-Closing such specific conveyances, as the Purchaser, acting reasonably, determines necessary to convey the Assets, signed by the Receiver in the manner provided for in Paragraph 10 of this Order, and upon filing of a certified copy of this Order and the Authorisation Letter, together with any applicable registration fees, the appropriate government authorities are hereby directed to register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Assets to the Purchaser except for Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrars of the North and South Alberta Land Registration Districts (the “**Registrars**”) shall, notwithstanding subsection 191(1) of the *Land Titles Act*, R.S.A. 2000, c. L-4 (Alberta), as amended, cancel and discharge the claims registered against the interests of Trafina in respect of freehold properties located in the Province of Alberta except for those Permitted Encumbrances identified in Schedule “A” to this Order. For further certainty, the Registrars shall not cancel and discharge the registration of any claims registered against the estates or interests other than the estate or interest of Trafina; and
- (b) the Ministry of Energy for Alberta acting pursuant to section 99 of the *Mines and Minerals Act*, R.S.A. 2000, c. M-17, as amended, and sections 36 and 47 of the *Builders’ Lien Act*, R.S.A. 2000, c B-7.1, as amended, is hereby directed to cancel and discharge the claims registered against the estate or interest of Trafina in and to the Assets located in the Province of Alberta except for those Permitted Encumbrances identified in Schedule “A” to this Order. For further certainty, the Minister of Energy shall not cancel and discharge the registration of such builders’ liens, security interests or builders’ lien statements registered against estates or interests other than the estate or interest of Trafina.
9. The net proceeds of the sale of the Assets shall stand in the place and stead of the Assets and all Claims not identified as Permitted Encumbrances shall, to the extent that they are not paid from the net sale proceeds or otherwise, cease to be attached to or encumber or otherwise form a lien or a claim against the Assets and shall attach to the net sale proceeds with the same validity, priority and in the same amounts, and subject to the same defences, that existed when the Claims attached to the Assets.
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 if signed in the following manner:

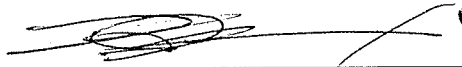
FTI Consulting Canada Inc., in its capacity as
Receiver and Manager of Trafina Energy Ltd.,
and not in its personal capacity.

Per: _____

11. The Purchase Price represents the best possible and realizable value for the Assets in the present circumstances.
12. All of the interest, right, title, estate and equity of redemption of Trafina and any persons claiming by, through or under Trafina or the Receiver in and to the Assets, will upon the closing of the Transaction contemplated in the Sale Agreement, be fully and finally extinguished.
13. Notwithstanding the pendency of these proceedings and the provisions of any federal or provincial statutes neither the Sale Agreement nor the Transaction contemplated thereby will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
14. In completing the Transaction subject to the terms and conditions of the Sale Agreement, the Receiver is further authorized:
 - (a) to execute and deliver such additional, related and ancillary documents and assurances governing or giving effect to the Transaction as the Receiver, in its discretion, may deem reasonably necessary or advisable to conclude the Transaction or in furtherance of this Order;
 - (b) to enter into such amendments to the Sale Agreement which are not material, whereupon any reference in this Order to the Sale Agreement shall be and include a reference to the Sale Agreement as amended; and
 - (c) to take such steps as are necessary or incidental to the performance of its obligations pursuant to the Sale Agreement, including to make any necessary post-closing adjustments as may be required.
15. The Receiver shall be at liberty from time to time to apply to this Court for advice and directions with respect to the Sale Agreement and the Transaction. The Receiver shall be

authorized and empowered to apply, upon such notice, if any, as it may consider necessary or desirable, to this Court to make such orders and provide such other aid and assistance to the Receiver, as this Court may deem necessary or appropriate.

16. To the extent necessary, this Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or elsewhere, 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.
17. Service of this Order by way of facsimile or electronic transmission shall constitute good and sufficient service on all parties entitled to notice of same and further service thereof is hereby dispensed with.



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

Schedule "A"

Permitted Encumbrances

General Encumbrances

- (a) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule A.1 to the Sale Agreement;
- (b) any Right of First Refusal or any similar restriction applicable to any of the Assets;
- (c) the terms and provisions of the Title and Operating Documents;
- (d) any deed or agreement under which Trafina holds any interest relating to the Lands or the Leases in trust for any Person;
- (e) all obligations under the AFEs and the Major Agreements outstanding on, as and from the Effective Date;
- (f) the terms and conditions of the Leases, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Leases in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantee's interest in any of the Leases;
- (g) the right reserved to or vested in any grantor, government or other public authority by the term of any Lease or by the Regulations to terminate any Lease;
- (h) easements, rights of way, servitudes or other similar rights in land, including without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (i) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets, but excluding all such taxes incurred up to the Effective Date that have not been paid;
- (j) agreements for the sale, processing, transportation or marketing of Petroleum Substances, which are terminable on thirty (30) days notice (without an early termination penalty or other cost);
- (k) any authority under the Regulations and any rights reserved to or vested in any municipality or Governmental Authority to control or regulate any of the Assets in any manner;

- (l) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Trafina's share of the costs and expenses thereof which are not due or delinquent on the Effective Date or, if then due or delinquent, are being contested in good faith by the Vendor on the Effective Date;
- (m) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (n) agreements and plans relating to pooling or unitization of any of the Lands;
- (o) the Major Agreements or agreements respecting the operation of Wells by contract field operators;
- (p) provisions for penalties and forfeitures under agreements as a consequence of nonparticipation in operations; and
- (q) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets;