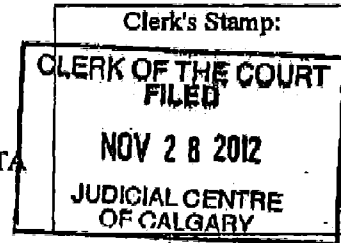


TAB 2

COURT FILE NUMBER 1201-14864
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
ACTION



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9

AND IN THE MATTER OF SKOPE ENERGY PARTNERS, SKOPE ENERGY INC. and SKOPE ENERGY INTERNATIONAL INC.

DOCUMENT INITIAL ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 - 8th Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: Douglas S. Nishimura/Trevor Batty
Phone Number: 403-260-0269/403-260-0263
Fax Number: 403-260-0332
Email Address: dsn@bdplaw.com/
tbatty@bdplaw.com
File No. 68768-12

DATE ON WHICH ORDER WAS PRONOUNCED: November 27, 2012
NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice MacLeod

INITIAL ORDER

UPON the application of Skope Energy Partners ("Skope Partners"), a partnership, and its two partners, Skope Energy Inc. ("Skope Energy") and Skope Energy International Inc. ("Skope International") (collectively, the "Applicants"), AND UPON having read the Originating Notice, the Affidavit of Henry Cohen, sworn November 26, 2012 (the "Cohen Affidavit"); AND UPON reading the consent of Ernst & Young Inc. ("E&Y" or the "Monitor") to Act as Monitor and upon noting that the

I hereby verify this to be a true copy of the original Order
Dated this 28 day of Nov, 2012
ARBORETT
Clerk of the Court

secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and consent to the within Order; AND UPON hearing counsel for the Applicants and counsel for Pine Cliff Energy Ltd. ("Pine Cliff"); IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged, as necessary, and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are "affiliated debtor companies" within the meaning of the *Companies' Creditors Arrangement Act* ("CCAA") and the CCAA applies to both of the Applicants.

PLAN OF ARRANGEMENT

3. The Applicants and Pine Cliff shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:
 - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property; and
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
 - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. Except as otherwise provided to the contrary herein, and provided that the Monitor approves all expenses in excess of \$25,000.00, the Applicants shall be entitled, but not required, to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
 - (i) employment insurance,
 - (ii) Canada Pension Plan, and
 - (iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order, except that payment of all interest owed to Pine Cliff under the Credit Agreement will be paid;
- (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and
- (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:
- (a) subject to Pine Cliff consenting in writing thereto, permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$50,000.00 in any one transaction or \$250,000.00 in the aggregate (or in excess of these amounts, by order of this Court);
 - (b) conduct a solicitation process in accordance with the terms and conditions set out in the Sale and Solicitation Procedure attached as Schedule "A" to this Initial Order; and
 - (c) terminate the employment of such of their employees or temporarily lay off such of its employees as they deem appropriate on such terms as may be agreed upon between the Applicants, as applicable, such employee, and Pine Cliff, or failing such agreement, to deal with the consequences thereof in the Plan;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Applicants, as applicable, shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants, on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they or it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:

- (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor twenty-four (24) hours' prior written notice; and
- (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. Until and including December 21, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities, (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
- (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;

- (c) prevent the filing of any registration to preserve or perfect a security interest; or
 - (d) prevent the registration of a claim for lien.
15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity. For further clarity, nothing in this Order will prevent Pine Cliff from continuing with the registration of its security.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the affected Applicant(s), as applicable, and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or to the Applicants;

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider, the relevant Applicant, and the

Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 33 and 35 herein.
22. Notwithstanding any language in any applicable insurance policy to the contrary:
- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

- (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order, and the Directors' Charge will only cover liabilities arising from and after the commencement of these CCAA proceedings until the termination thereof.

APPOINTMENT OF MONITOR

- 23. Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
- 24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
 - (c) advise the Applicants in their development of the Plan and any amendments to the Plan;
 - (d) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
 - (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to

the extent that is necessary to adequately assess the Applicants' Property, Business and financial affairs or to perform its duties arising under this Order;

- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (g) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

26. The Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful

misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis.
29. The Monitor and its legal counsel shall pass their accounts from time to time.
30. The Monitor, counsel to the Monitor, if any, the Applicants' counsel, and Pine Cliff's counsel as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 33 and 35 hereof.

KEY EMPLOYEE RETENTION PLAN

31. The Key Employee Retention Plan ("KERP"), as that term is defined and described in the Cohen Affidavit, and the terms and amounts of the KERP payments under the KERP as described in Exhibit "N" to the Cohen Affidavit, are hereby approved and ratified. The Applicants are hereby authorized and directed to implement and perform their obligations under the KERP in accordance with the terms of the KERP as may be modified by this Order, and to execute and deliver such additional or auxiliary documents as may be necessary to give effect to the KERP.
32. Those persons or entities who are eligible for and agree to participate in the KERP shall be entitled to the benefit of and are hereby granted a charge on the Property, which charge shall not exceed \$300,000.00, as security for the payment of the amounts that such employees may become entitled to under the KERP (the "KERP Charge").

VALIDITY AND PRIORITY OF CHARGES

33. The priorities of the Directors' Charge, the KERP Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Directors' Charge (to the maximum amount of \$300,000); and

Third – KERP Charge (to the maximum amount of \$300,000).

34. The filing, registration or perfection of the Directors' Charge, the KERP Charge and the Administration Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. Each of the Directors' Charge, the KERP Charge and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

36. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the relevant Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further order of this Court.

37. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
- (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which they are a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
 - (iii) the payments made by the Applicants pursuant to this order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law; and
- (f) the appointment of a Receiver of any or all of the assets of the Applicants.

ALLOCATION

38. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the KERP Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

39. The Monitor shall (i) without delay, publish in the Calgary Herald and the Edmonton Journal a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order: (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants, or any of them, of more than \$1,000 and (C) prepare a list showing the

names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

40. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor may post a copy of any or all such materials on its website at <http://documentcentre.eycan.com/>, which shall be established for informational purposes.

GENERAL

41. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
42. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
43. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
44. Each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within

proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

45. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
46. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.



J.C.Q.B.A.

SCHEDULE "A"

Schedule "[*]"

Procedures for the Sale and Investor Solicitation Process

On November 27, 2012, Skope Energy Partners (the "Partnership"), Skope Energy Inc. ("Skope Inc.") and Skope Energy International Inc. ("Skope Int'l") (together the "Applicants") obtained an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act* ("CCAA") from the Alberta Court of Queen's Bench (the "Court"). As part of the Initial Order, the Court approved the Sale and Investor Solicitation Process (the "SISP") set forth herein to determine whether a Successful Bid (as defined below) can be obtained.

Set forth below are the procedures (the "SISP Procedures") to be followed with respect to the SISP to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

Defined Terms

All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition, in these SISP Procedures:

"Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary.

"Secured Creditor" means Pine Cliff Energy Ltd.

"E&Y" or the "Financial Advisor" means Ernst & Young Orenda Corporate Finance Ltd.

"Monitor" means Ernst & Young Inc.

Solicitation Process

The SISP Procedure set forth herein describes the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Applicants and their assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the approval thereof by the Secured Creditor and the Court (collectively, the "Solicitation Process"). The Monitor shall supervise the SISP Procedures and in particular shall supervise the Financial Advisor in connection therewith. The Applicants are required to assist and support the efforts of the Monitor and the Financial Advisor as provided for herein. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve such dispute.

The Solicitation Process will proceed as follows:

- (a) As soon as reasonably practicable after the granting of the Initial Order approving these SISP Procedures, but in any event no more than five (5) Business Days after the

issuance of the Initial Order, the Monitor shall cause a notice of the SISP contemplated by these SISP Procedures and such other relevant information which the Monitor, in Consultation with the Financial Advisor and the Applicants, considers appropriate to be published in the *Daily Oil Bulletin*. At the same time, the Applicants shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor, following consultation with the Financial Advisor, with Canada Newswire designating dissemination in Canada and major financial centres in the United States;

(b) the Financial Advisor shall prepare and distribute an information package with respect to the Applicants' assets for distribution to potential bidders by no later than November 30, 2012 (the "**Information Package**");

(c) A Confidential Information Memorandum describing the opportunity to acquire all or substantially all of the Property of the Applicants or invest in the Applicants will be made available by the Financial Advisor to prospective purchasers or prospective strategic or financial investors that have executed a non-disclosure agreement with the Applicants;

(d) In order to participate in the Solicitation Process, each person (a "**Potential Bidder**") must deliver to the Financial Advisor at the address specified in **Appendix "A"** hereto (including by email or fax transmission), and prior to the distribution of any confidential information by the Financial Advisor to a Potential Bidder (including the Confidential Information Memorandum), an executed non-disclosure agreement in form and substance satisfactory to the Monitor, the Financial Advisor and the Applicants, which shall inure to the benefit of any purchaser of the assets of the Applicants or any investor in the Applicants;

(e) A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by the Financial Advisor;

(f) The Financial Advisor shall provide any person deemed to be a Qualified Bidder with a copy of the Confidential Information Memorandum and access to an electronic data room. The Monitor, the Financial Advisor and the Applicants make no representation or warranty as to the information contained in the Confidential Information Memorandum or in the electronic data room, except to the extent otherwise contemplated under any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Applicants;

(g) A Qualified Bidder, if it wishes to submit a bid, will deliver written copies of a final, binding proposal (a "**Final Bid**") in the form of a purchase and sale agreement (contemplating either the purchase of assets of the Applicants or shares thereof) (a "**Sale Proposal**") or a term sheet for an investment proposal (contemplating investment in the Applicants) (an "**Investment Proposal**") to the Financial Advisor at the address specified in **Appendix "A"** hereto (including by email or fax transmission) so as to be received by it not later than 12:00 p.m. (Mountain Standard Time) on December 21, 2012, or such

other date or time as may be agreed by the Financial Advisor, in consultation with the Monitor, the Applicants and the Secured Creditor (the "**Bid Deadline**");

(h) A Final Bid will be considered a Qualified Bid only if the Final Bid complies with, among other things, the following (a "**Qualified Bid**");

(i) in the case of a Sale Proposal, it contains a duly executed purchase and sale agreement;

(ii) in the case of an Investment Proposal, it contains a duly executed term sheet;

(iii) it provides written evidence of financial commitment;

(iv) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, (a) if the total consideration is quantifiable, in an amount equal to 10% of that total consideration in the Qualified Bid; or (b) if the total consideration is unquantifiable, in an amount to be determined by the Monitor payable on demand, which deposit is to be held and dealt with in accordance with these SISP Procedures;

(v) it is not conditional upon:

(a) the outcome of unperformed due diligence by the Qualified Bidder; and/or

(b) obtaining financing; and

(vi) it is received by the Bid Deadline;

(i) The Monitor, in consultation with the Financial Advisor, the Applicants and the Secured Creditor, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids;

(j) The Monitor, in consultation with the Financial Advisor and the Secured Creditor, shall determine the most favourable Final Offer (the "**Successful Bid**"). Provided that the Secured Creditor consents in writing thereto, the Monitor shall then proceed to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid, all of which shall be conditional upon Court approval and also conditional on the Successful Bid closing within [30] days after the Bid Deadline, or such longer period as shall be agreed to by the Monitor, in consultation with the Financial Advisor, the Secured Creditor and the Applicants. Under no circumstances shall the Monitor proceed to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid or any other Qualified Bid without the express written approval of the Secured Creditor. Should the Secured Creditor not give such approval, the Monitor will not accept any Qualified Bids. Should however any Qualified Bid exceed the total amount of the debt

owed to the Secured Creditor, the Monitor will not require the consent of the Secured Creditor to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid. If the Secured Creditor does not approve any Qualified Bids and there are no Qualified Bids that exceed the debt owed by the Applicants to the Secured Creditor on the Bid Deadline, the SISP will automatically terminate;

(k) Once a definitive agreement has been negotiated and settled in respect of the Successful Bid, the person(s) who made the Successful Bid shall be the "Successful Bidder" hereunder;

(l) The Applicants shall apply to the Court (the "Approval Motion") for an order approving the Successful Bid and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bidder, as well as an order vesting title to purchased property in the name of the Successful Bidder. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Applicants. The Approval Motion may be adjourned or rescheduled by the Monitor without further notice, by an announcement of the adjourned date at the Approval Motion; and

(m) All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

Deposits

All Deposits shall be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid or if the SISP automatically terminates, all Deposits shall be returned to the bidders within five Business Days of the date upon which the SISP is terminated in accordance with these procedures.

Approvals

For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

No Amendment

There shall be no amendments to this SISP, including, for greater certainty the process and procedures set out herein, without the consent of the Monitor, Financial Advisor, the Applicants and the Secured Creditor.

"As Is, Where Is"

The sale of the Applicants' assets or any investment in the Applicants will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants or any of their agents or estates, except to the extent set forth in the relevant sale or investment agreement with a Successful Bidder.

Free Of Any And All Claims And Interests

In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Applicants in and to the assets to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "Claims and Interests") pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such assets (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

An investment in the Applicants may, at the option of the Successful Bidder, include one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern or a sale of the assets to a newly formed acquisition entity on terms described in the above paragraph.

Tax

To the extent advantageous from a tax perspective, the Applicants may cause the liquidation of the Partnership and the merger of Skope Inc. and Skope Int'l.

The Secured Creditor

The Secured Creditor does not intend to participate as a Bidder in the Solicitation Process, and will be entitled to have full access to the contents of all Final Bids and Qualified Bids. No Qualified Bid will become a Successful Bid without the Applicants and the Monitor obtaining the written consent of the Secured Creditor. Giving or withholding such consent will be in the sole, exclusive and absolute discretion of the Secured Creditor, and no Bidder, the Monitor, the Applicants or anyone else will have any right to challenge the Secured Creditor's consent or withholding thereof. Should, however, any Qualified Bid exceed the total amount of the debt owed to the Secured Creditor, the Monitor will not require the consent of the Secured Creditor to negotiate and settle the terms of a definitive agreement in respect of the Successful Bid. Should the Solicitation Process fail for any reason and not result in the approval of a Successful Bid, the Secured Creditor will be entitled to credit bid part or all of the debt owed to it by the Applicants to acquire the Applicants' assets or to propose a transaction, including a Plan of Arrangement or Compromise pursuant to the CCAA or any applicable corporate legislation which compromises the Claims and Interests.

No Obligation to Conclude a Sale

Neither the Monitor, nor the Applicants, have any obligation to conclude a sale arising out of this Solicitation Process, and they reserve the right and unfettered discretion to reject any offer or proposal.

Further Orders

At any time during the Solicitation Process, the Monitor may, following consultation with the Financial Advisor and the Applicant, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Appendix "A"**Addresses for Notices**

Ernst & Young Orenda Corporate Finance Ltd.
1000, 440 – 2nd Avenue S.W.
Calgary, AB T2P 5E9
Facsimile: 403-206-5075
Attention: Mr. Alex Watterworth
Email: alex.d.watterworth@ca.ey.com

Ernst & Young Inc.
1000, 440 – 2nd Avenue S.W.
Calgary, AB T2P 5E9
Facsimile: 403-206-5075
Attention: Mr. Neil Narfason
Email: neil.narfason@ca.ey.com