

COURT FILE NUMBER 1201-15737

COURT COURT OF QUEEN'S BENCH

JUDICIAL CENTRE CALGARY

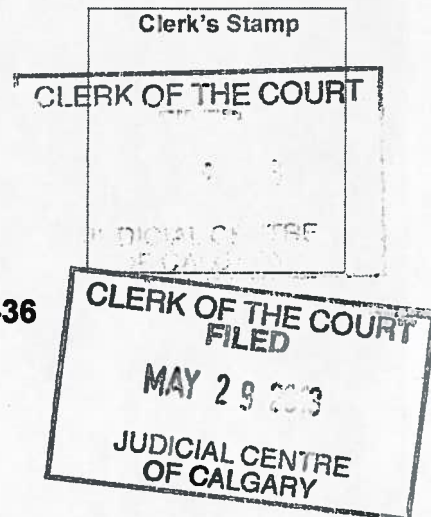
IN THE MATTER OF **THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36**

AND IN THE MATTER OF **FAIRWEST ENERGY CORPORATION**

DOCUMENT **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  
Dated this 29 day of MAY 2013  
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: 28 May, 2013

NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Madam Justice B.E.C. Romaine

LOCATION OF HEARING: Calgary Courts Centre  
601 – 5<sup>th</sup> St. SW  
Calgary, Alberta T2P 5P7

UPON THE APPLICATION of Supreme Group Inc. ("SGI"), a secured creditor of, and DIP Lender to, FairWest Energy Corporation ("FEC"); AND UPON having heard representations of counsel for SGI; AND UPON having heard representations of counsel for FEC and counsel for the directors of FEC; AND UPON having read the Affidavit of James W. Joesse, sworn May 27, 2013; AND UPON having read the Fifth Report of the Monitor;

**IT IS HEREBY ORDERED THAT:**

**Service**

1. The time for service of the notice of this Application for this Order is hereby abridged and deemed good and sufficient and this Application is properly returnable today.

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on December 12, 2012 as amended to the date hereof (the "Initial Order").

#### **Extension of Stay Period**

3. The Stay Period set out in paragraph 13 of the Initial Order is hereby extended up to and including July 3, 2013.

#### **Resignation of Directors**

4. The Court acknowledges that the board of directors of FEC (the "Directors") have provided written resignations resigning from the board of FEC (the "Resignations") and that counsel for the Directors will provide the Resignations to counsel for SGI in escrow in accordance with a settlement agreement dated May 28, 2013 (the "Settlement Agreement").
5. Upon counsel for SGI's confirmation to counsel to the Monitor of the release of the Resignations from escrow in accordance with the Settlement Agreement, the provisions in paragraphs 6 through 16 of this Order shall take immediate effect.

#### **Expansion of Powers of the Monitor**

6. The expansion of the powers of the Monitor in respect of FEC as set out below is authorized and approved on the terms and conditions outlined herein.
7. Nothing in this Order shall derogate from the powers of the Monitor as provided in the Initial Order or any further Order of this Honourable Court in these proceedings.
8. The Monitor, continuing as an officer of the Court, shall be and is hereby authorized to exercise the following powers and duties:
  - (a) to select the successful bid (the "Successful Bid") from amongst the bids submitted pursuant to the Sale and Investor Solicitation Process set out by Order of this Honourable Court dated March 19, 2013;
  - (b) to oversee and direct the completion of the transaction (the "Transaction") contemplated by the Successful Bid on behalf of FEC and to take all steps on behalf of FEC and to execute all documents as may be reasonably necessary to conclude the Transaction, subject to Court approval, including the right to amend or extend the Successful Bid and the Transaction;
  - (c) to apply for any vesting order or other orders necessary to conclude the Transaction;

- (d) to have full access to the books, records and key personnel of FEC as may be necessary for the completion of its duties under this Order;
  - (e) to execute, assign, issue and endorse documents of whatever nature in respect of the Business and any of the Property, whether in the Monitor's name or in the name and on behalf of FEC, for any purpose expressly contemplated by this Order; and
  - (f) to perform such other duties or take any steps reasonably incidental to the exercise of the powers and obligations conferred upon the Monitor by this Order or any further Order of this Honourable Court in these proceedings.
9. The Monitor shall not have additional powers and duties beyond those set out in this Order. The Monitor shall not have the power to direct or cause the direction of the management and policies of FEC. The Monitor shall neither take possession or control of any of the Property nor manage the Business or any part of the Business.
10. No provision in this Order is intended to appoint the Monitor as an officer, director, or employee of FEC.

#### **Appointment of CRO**

11. Marion D. Mackie, the current Chief Financial Officer of FEC, is hereby appointed as the Chief Restructuring Officer (the "CRO") of FEC.
12. The CRO, as an officer of the Court, shall be and is hereby authorized to exercise the following powers and duties:
- (a) to supervise and manage the Business, including the power to hire, retain, or terminate employees;
  - (b) to operate and carry on the Business for the purpose of implementing the Transaction, including the powers to enter into any agreements to incur any obligations in the ordinary course of business, cease to carry on all or any part of the Business, or cease to perform any contracts of FEC;
  - (c) to execute, assign, issue and endorse documents of whatever nature in respect of the Business and any of the Property; and
  - (d) to perform such other duties or take any steps reasonably incidental to the exercise of the powers and obligations conferred upon the CRO by this Order or any further Order of this Court.
13. The CRO shall not, by fulfilling her obligations hereunder, be deemed to have taken or maintained possession of the Business or any of the Property.

#### **Cooperation and Protections**

14. FEC and its current or former shareholders, officers, directors, employees, agents, and representatives shall cooperate fully with the Monitor and the CRO in the exercise of their powers and discharge of their duties and obligations, including providing the Monitor and the CRO with access to FEC's books, records, assets, and premises as the Monitor and the CRO require.
15. No current or former director, officer, shareholder, employee, agent, or representative of FEC, nor any party related to the Business, shall interfere with the Monitor's or the CRO's exercise of their powers and duties under this Order or any other Order of this Honourable Court in these proceedings.
16. In addition to the rights and protections afforded to the Monitor and the CRO as officers of this Court, the Monitor and the CRO shall incur no liability or obligation as a result of carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on either of their part. Nothing in this Order shall derogate from the protections afforded to the Monitor or the CRO by any applicable legislation.

#### **Amendment to the DIP Financing**

17. Paragraphs 31 and 32 of the Initial Order are hereby deleted and replaced with the following:

31. The Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from Supreme Group Inc. (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$1,765,000 as more specifically set out in the Commitment Letter (as defined below) unless permitted by further order of this Court.

32. Such credit facility shall be on terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of December 10<sup>th</sup>, 2012, as amended pursuant to the amending letters dated January 8, 2013, February 7, 2013, March 14, 2013, April 23, 2013, and May 27, 2013 (the "Commitment Letter"), filed.

#### **General**

18. The Monitor will provide regular reports and updates to this Court from time to time with respect to its performance, or the exercise of its additional powers, duties, rights, and obligations as provided and set out in this Order, which reporting is not required to be in affidavit form and shall be considered as evidence by this Court.
19. The Monitor and the CRO are at liberty and authorized and empowered to apply to any Court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for advice, assistance, and direction as may be necessary to give full force and effect to, and in carrying out the terms of this Order.

20. This Order and all of its provisions are effective as of 12:01AM Mountain Standard Time on the date of this Order.

"B. Romaine"

Justice of the Court of Queen's Bench of  
Alberta