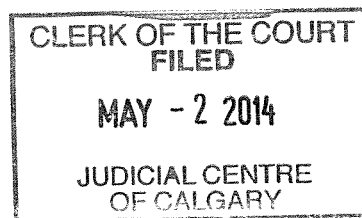


COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL CENTRE

1301-14151



CALGARY

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
RSA 2000, c B-9, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ALSTON ENERGY INC.**

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

DENTONS CANADA LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David LeGeyt / Derek M. Pontin
Ph. (403) 268-3075/6301 Fx. (403) 268-3100
File No.: 549521-6

AFFIDAVIT #5 OF DON UMBACH

Sworn on May 2, 2014

I, Don Umbach, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

Introduction

1. I am the President and CEO of Alston Energy Inc. ("**Alston**" or the "**Company**") and as such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true. Capitalized terms not otherwise defined herein are given the meaning ascribed to them in the Affidavit #4 I swore in these proceedings on May 30, 2011.

Solicitation Process

2. I make this Affidavit to provide this Honourable Court with additional evidence concerning the solicitation process referred to in paragraphs 22-24 of the Affidavit #4 of Don Umbach and paragraph 32 of the Third Report of the Monitor, dated April 30, 2014.
3. On April 29, 2014 I participated in a teleconference meeting with members of Sayer, the Monitor, and Alston's legal counsel. In that meeting Sayer advised that since the beginning of 2014 there has been a positive increase in in Alberta in both financing and merger and acquisition transactions in comparison to the same time period in 2013. As a result of this


generally improved market place, Sayer recommended a new, widely distributed marketing process to commence May 9th, 2014 and end on June 6th, 2014. In addition Sayer recommended this timing as it leaves ample time to review all offers received and potentially negotiate a definitive agreement with a third-party prior to the summer months, as the market place in Alberta slows considerably during the months of July and August.

4. In addition to these general reasons for implementing a solicitation process now, Sayer had the following specific reasons for Alston to commence a solicitation process:
 - (a) Alston has changed since it last implemented a solicitation process as a result of the closing of the Alexander Sale;
 - (b) Commodity prices and other economic factors have improved since Alston's last solicitation process;
 - (c) Both Sayer and Alston received unsolicited expressions of interest in Alston during a time when Alston was working exclusively with another party under the LOI; and
 - (d) The LOI referred to above was entered into by Alston and another party on February 27, 2014. The LOI prohibited Alston from pursuing discussions with any other party. The LOI arose as direct result of a process conducted by Sayer with a bid dead-line of January 20, 2014. The LOI attempted to re-organize Alston under a proposed plan of arrangement that would have provided value to all of Alston secured and unsecured creditors and shareholders. The LOI expired on April 18th, 2014 after it failed to receive the required approval of the ATB. Alston and the third-party are still willing to pursue discussions with the ATB with a view of finding a suitable arrangement to the satisfaction of the ATB.
5. Attached to this my Affidavit and marked as Exhibit "A" is an article which appeared in the April 30, 2014 issue of the Daily Oil Bulletin. This article was written by Ryan Ferguson Young of Sayer, who participated in the teleconference meeting on April 29.
6. Finally, at the April 29, 2014 teleconference meeting Sayer advised that it could broadly canvass the market and solicit offers for Alston in a period of 4 weeks.
7. I make this Affidavit in support of Alston's Application filed in these proceedings on April 30, 2014.

Sworn before me in the City of Calgary in)
the Province of Alberta, the 2nd day of)
May, 2014.)

Commissioner of Oaths in and for the
Province of Alberta

David LeGeyt
Barrister & Solicitor

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Don Umbach

Daily Oil Bulletin

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Canadian Oil and Natural Gas Industry Shows Life

APRIL 30, 2014 – [VIEW ISSUE \(/HEADLINES/2014-04-30\)](#)



THIS IS EXHIBIT "A"
referred to in the Affidavit of
Don Umbach
Sworn before me this *2*
day of *May* A.D. 2014
David LeGeyt
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

By Ryan Ferguson Young of Sayer Energy Advisors

The Canadian oil and natural gas industry has had a very strong start in 2014. Both financings and mergers and acquisitions ("M&A") activity have picked up significantly in comparison to this time in 2013.

The total enterprise value of the transactions in the M&A marketplace in the first quarter of 2014 was approximately \$8.6 billion, up 70 per cent from the \$5.0 billion in the fourth quarter of 2013. So far in the second quarter of 2014 there have been approximately \$1.8 billion in deals announced. The total enterprise value of deals either announced or completed to date in 2014 is approximately \$10.4 billion or 75 per cent of the \$13.8 billion in total M&A activity during all of 2013.

The total amount of capital raised in the first quarter of 2014 was \$6.0 billion, consisting of \$3.3 billion in equity and \$2.7 billion in debt. In 2013 the total amount of capital raised was \$15.9 billion, with 41 per cent of the capital raised in the fourth quarter. The amount of capital raised in the first nine months of 2013 was \$9.6 billion, consisting of only \$3.4 billion in equity and \$6.1 billion in debt. Annualized, the amount of capital raised in 2014 is on track to reach \$24 billion.

The largest transaction in the first quarter of 2014 was the acquisition of the majority of **Devon Canada Corporation's** conventional assets in Western Canada, excluding Devon's Horn River assets in British Columbia and its heavy oil properties, by **Canadian Natural Resources Limited** for approximately \$3.1 billion. Canadian Natural also purchased assets from **Apache Corp.** in the Wapiti and Noel areas of Alberta and in the Ojaya area of British Columbia for approximately \$413 million. In March, Canadian Natural announced that it would issue USD \$1.0 billion in notes, USD \$500 million due in 2016 and USD \$500 million in 2024.

Whitecap Resources Inc. continued to be in acquisition mode in 2014 with its significant acquisition of assets from **Imperial Oil Limited** for a net acquisition cost of \$693 million after accounting for the pending sale of certain Imperial Oil assets to **Keyera Corp.** for \$113 million. The assets acquired by Whitecap are located in the Pembina and Rocky Mountain House (Ferrier) areas of Alberta and in the Boundary Lake area of northeastern British Columbia. Concurrent with the announcement of the transaction, Whitecap announced it would increase its monthly dividend by 10 per cent to \$0.75 per share annualized from \$0.68 per share annualized and would raise \$500 million through a bought deal financing. Whitecap also stated that it signed an agreement to acquire a private company with assets in north central Alberta for \$107 million.

Much like Whitecap, **Surge Energy Inc.** announced a property and corporate acquisition in the first quarter of 2014. Surge announced the purchase of assets from **Renegade Petroleum Ltd.** in southeastern Saskatchewan for \$109 million in January. Concurrent with the Renegade asset purchase, Surge raised approximately \$81 million in gross proceeds through a bought deal financing.

At the end of March, Surge announced the proposed acquisition of **Longview Oil Corp.** for \$483 million. Prior to the announcement of the pending Longview acquisition, Surge acquired 19.8 per cent of the shares of Longview through the secondary offering of Longview shares by **Advantage Oil & Gas Ltd.** in February 2014. During the first quarter of 2014 Surge also announced that it would increase its annual dividend 11 per cent to \$0.60 per share \$0.54 per share per annum.

Spartan Energy Corp. (formerly **Alexander Energy Ltd.**) entered onto the scene in a big way this past quarter when it announced the acquisition of Renegade for \$587 million. Renegade's assets were located in southeast Saskatchewan, in the Dodsland area of west central Saskatchewan, in southwestern Manitoba targeting the Spearfish play and in northern Alberta. Unlike Whitecap and Surge, Alexander announced that upon closing of the arrangement it would cancel the monthly dividend that was being paid by Renegade.

Baytex Energy Corp. closed the largest financing in 2014 thus far, raising nearly \$1.5 billion through a bought deal financing to fund its \$2.6 billion acquisition of U.S.-based **Aurora Oil & Gas Limited**. The acquisition provides Baytex exposure to the Eagle Ford shale play in the United States. Upon the

completion of the acquisition of Aurora, Baytex has committed to increase its monthly dividend by 9 per cent to \$0.24 from \$0.22 per share. While the deal is not included in our statistics due to the assets not being in Western Canadian Sedimentary Basin, the size of the transaction is certainly noteworthy.

The largest deal announced so far in the second quarter of 2014 includes **Crescent Point Energy Corp.**'s proposed acquisition of **CanEra Energy Corp.** for total consideration of approximately \$1.1 billion, consisting of the issuance of approximately 12.9 million Crescent Point shares, \$195 million of cash consideration and the assumption of approximately \$348 million of debt. CanEra is a privately-held oil and natural gas company with production of approximately 10,000 boe/d and a large Torquay land position in southeastern Saskatchewan. The acquisition marks the first significant Canadian deal to be announced by Crescent Point since May 2012 when it acquired **Cutpick Energy Inc.** for \$425 million. Crescent Point acquired U.S.-based **Ute Energy Upstream Holdings LLC** with assets in northeast Utah for \$861 million in November 2012.

It looks like 2014 is gearing up to be an active year in the M&A marketplace, with total transaction value exceeding last year and perhaps 2011 when \$15.6 billion in value was recorded. Investors are starting to show confidence in the sector as witnessed by the \$6.0 billion in capital that was raised in the first quarter of 2014.

ARTICLE SECTION: MARKET INTELLIGENCE (/SECTION/MARKET-INTELLIGENCE/)

ARTICLE CATEGORY: MERGERS AND ACQUISITIONS (/CATEGORY/MERGERS-AND-ACQUISITIONS/)