

October 2, 2017

EMAIL

Reynolds Mirth Richard & Farmer LLP
Barristers & Solicitors
3200, 10180 - 101 Street
Edmonton, AB T5J 3W8

Attention: Michael McCabe, Q.C.

Dear Sir:

Re: The Bank of Nova Scotia, et al v Virginia Hills Oil Corp. et al
Court of Queen's Bench Action No. 1701-02184
Civil Notice of Appeal re: June 20, 2017 Order of Mr. Justice K.D. Yamauchi

We write in response to the above noted notice of appeal filed by Northern Sunrise County ("**Northern Sunrise**") on July 19, 2017. We advise you that our client, Alvarez & Marsal Canada Inc. (the "**Trustee**"), takes the position that this notice of appeal has not been filed in accordance with the requirements of the *Bankruptcy and Insolvency Act*, RSA 1985, c B-3 ("**BIA**") and the *Bankruptcy and Insolvency General Rules*, CRC, c 368 (the "**Rules**"). As a result, the Court of Appeal lacks jurisdiction to hear this appeal.

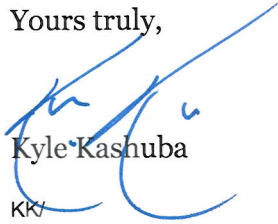
Justice Yamauchi's Order of June 20, 2017 was granted pursuant to the Court of Queen's Bench's jurisdiction to decide matters in bankruptcy proceedings under the *BIA*. Under section 31 of the Rules, any appeal to the Court of Appeal of Alberta must be made by filing a notice of appeal with the Court of Queen's Bench "within 10 days after the day of the order or decision appealed from" (June 30, 2017 in this instance). Upon filing of a notice of appeal, the Court of Queen's Bench is required to transmit to the Court of Appeal the notice of appeal and the file, pursuant to section 32 of the Rules.

We note that Northern Sunrise was duly served with notice of the application that was heard on June 20, 2017 before Justice Yamauchi, and further, the Trustee was provided with two unsecured proof of claims by your client, claiming all debt owed as being unsecured. That is how the proof of claims were filed and recorded by the Trustee. In addition, Northern Sunrise was immediately served with Mr. Justice Yamauchi's Order by our office. If your client wishes to attempt to revise the proof of claim(s) now, that is a step that they can consider taking. That is an onus that remains with the creditor.

In the event that Northern Sunrise continues to pursue this appeal, we expect to receive instructions to file an application to have Northern Sunrise's appeal struck, pursuant to section

14.37(1) of the *Alberta Rules of Court*, AR 124/2010, on the basis that the statutory requirements under the *BIA* and Rules have not been satisfied.

Yours truly,



Kyle Kashuba

KK/

Copy to: The Receiver, Alvarez & Marsal Canada Inc., Attention: Tim Reid and Orest Konowalchuk (via email)