

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF THE PROPOSAL OF
RICHARDS OIL & GAS LIMITED**

NOTICE OF MOTION
(Approval Order)

TAKE NOTICE that an application will be made on behalf of Richards Oil & Gas Limited ("Richards") and Alger & Associates Inc. (the "Trustee") in its capacity as Proposal Trustee of Richards, before Madam Justice J. Strekaf, in Chambers, at the Court House, in the City of Calgary, in the Province of Alberta, on Friday, the 22nd day of October, 2010, at 9:30 o'clock in the forenoon, or so soon thereafter as counsel may be heard, for the following relief:

1. Deeming service of this Notice of Motion and supporting materials to be good and sufficient;
2. Granting an Approval Order substantially in accordance with the draft Approval Order which is attached as Schedule "A" hereto;
 - (a) approving the Proposal (the "Proposal") of Richards in these proceedings,
 - (b) approving the First Articles of Reorganization and the Final Articles of Reorganization (as those terms are defined in the Proposal) ;
 - (c) authorizing Richards to file the First Articles of Reorganization and the Final Articles of Reorganization in accordance with the terms of the Proposal, upon such filing Richards' Articles shall be deemed to be amended in accordance with the First Articles of Reorganization and the Final Articles of Reorganization; and
 - (d) authorizing Richards to complete the various steps set out in the Proposal.
 - (e) granting Richards leave to reapply, if necessary, for an order removing the current Board of Directors and replacing it with a new Board of Directors.

3. Such further and other relief as this Honourable Court may deem appropriate.

AND TAKE NOTICE that the grounds upon which this application will be made include the following:

- (a) Richards filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* ("*BIA*") on May 5, 2010;
- (b) Richards filed the Proposal pursuant to Section 62 of the *BIA* on September 3, 2010;
- (c) At the Meeting of Creditors held on September 24, 2010, the Proposal was approved by the requisite majorities in number and in value of creditors in attendance (either in person or by proxy);
- (d) While the Proposal is subject to a number of conditions precedent, Richards is confident that that those conditions can be met and the Proposal fully implemented.

AND FURTHER TAKE NOTICE that in support of this application will be read the pleadings and proceedings filed herein, the Affidavit of Ferdie Artzen, sworn September 29, 2010, to be filed; the Trustee's Report on the Proposal, to be filed, and such further and other material as counsel may advise and this Honourable Court may permit.

AND FURTHER TAKE NOTICE this application is brought pursuant to Part III, Division one of the *BIA* (and particularly section 58 thereof) and Section 192 of the *Business Corporations Act* (Alberta).

DATED at the City of Calgary, in the Province of Alberta, this 29 day of September, 2010.

MACLEOD DIXON LLP

Per: 

Randal S. Van de Mosselaer

To: Kallisto Energy Corp.
And To: Alger & Associates Inc.
And To: Clerk of the Court

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BEFORE THE HONOURABLE) AT THE COURTS CENTRE IN THE
MADAM JUSTICE J. STREKAF) CITY OF CALGARY, PROVINCE OF
IN CHAMBERS) ALBERTA, ON FRIDAY THE 22ND
) DAY OF OCTOBER, 2010

APPROVAL ORDER

UPON the application of Richards Oil & Gas Limited ("Richards") and Alger & Associates Inc. (the "Trustee") in its capacity as Proposal Trustee of Richards, **AND UPON** having read the pleadings and proceedings filed herein; **AND UPON** having read the Affidavit of Ferdie Artzen sworn September 29, 2010 ("the Artzen Affidavit"), filed, the Affidavits previously filed in this Action, the Report of the Trustee on the Proposal dated September 27, 2010, filed, and the previous Reports of the Trustee filed in the within Action; **AND UPON** being advised of the results of the meeting of the creditors of Richards and in particular the voting by the creditors to approve the Proposal (the "Proposal") which was filed by Richards pursuant to section 62 of the *Bankruptcy and Insolvency Act* ("BIA") on September 2, 2010; **AND UPON** having considered and being satisfied as to the reasonableness of the Proposal; **AND UPON** hearing counsel for Richards, and counsel for the Trustee;

IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

1. Service of Notice of this application is deemed to be good and sufficient, and capitalized terms used in this Order and not otherwise defined shall have the same meaning as given to them in the Proposal;

2. The Proposal has been agreed to and approved by the requisite majorities of Affected Creditors in accordance with the provisions of the BIA.
3. The Proposal is fair, reasonable, and is calculated to benefit the general body of Richards' creditors, and is accordingly hereby finally and absolutely sanctioned and approved pursuant to the provisions of the BIA.
4. Effective as of the Effective Date, the Proposal and all associated steps, compromises, transactions, arrangements assignments, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon Richards, all Affected Creditors and all other Persons affected by the Proposal.
5. Richards is authorized to complete the transactions contemplated by the Proposal, and to otherwise implement the Proposal and effect the reorganization, payments and distributions provided for in the Proposal.
6. The Trustee shall give security in cash or by bond or suretyship without delay, in accordance with subsection 1691) of the BIA.
7. The First Articles of Reorganization and the Final Articles of Reorganization are hereby approved, and Richards is hereby authorized to file the First Articles of Reorganization and the Final Articles of Reorganization in accordance with the terms of the Proposal, and upon such filing Richards' Articles shall be deemed to be amended in accordance with the First Articles of Reorganization and the Final Articles of Reorganization.
8. Richards is hereby granted leave to reapply, if necessary, for an order removing the current Board of Directors and replacing it with a new Board of Directors.
9. Subject to the performance by Richards of its obligations under the Proposal, all obligations, agreements or leases to which Richards is a party shall be and remain in full force and effect, unamended, as at the Effective Date, and no party to any such obligation, agreement or lease shall on or following the Effective Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:

- (a) of any event which occurred prior to, and not continuing after, the Effective Date, or which is or continues to be suspended or waived under the Proposal, which would have entitled any other party thereto to enforce its rights or remedies;
 - (b) of any default or event of default arising as a result of the financial condition or insolvency of Richards;
 - (c) of the effect upon Richards of the completion of any of the transactions contemplated under the Proposal; or
 - (d) of any compromises, settlements, restructurings or reorganizations effected pursuant to the Proposal.
10. From and after the Effective Date, each Affected Creditor and any Person affected by the Proposal will be deemed to have consented and agreed to all of the provisions of the Proposal in its entirety. In particular, each Affected Creditor shall be deemed on their own behalf and on behalf of their heirs, executors, administrators, successors and assigns, for all purposes:
- (a) to have executed and delivered to Richards all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
 - (b) to have waived any default by Richards in any provision, express or implied, in any Agreement or other arrangement existing between such Affected Creditor and Richards that occurred on or prior to the Effective Date;
 - (c) to have agreed that if there is any conflict between the provision, express or implied, of any Agreement or other arrangement existing between such Affected Creditor and Richards as at the Effective Date (other than those entered into by Richards on, after, or with effect from, the Effective Date) and the provisions of the Proposal, then the provision of the Proposal take precedence and priority and the provisions of such Agreement or other arrangement are amended accordingly; and

(d) to have released and discharged absolutely all Claims against Richards and its directors and officers in accordance with the provisions of Section 24 of the Proposal, which release shall become effective on the Effective Date in accordance with the Proposal.

11. From and after the Effective Date, claims (the "Affected Claims") of any and all Affected Creditors against Richards of any nature are hereby compromised, discharged, and released in accordance with the Proposal, and the ability of any Person to proceed against Richards in respect of or relating to such Affected Claims is forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Proposal in respect of their Affected Claims.
12. The Trustee is authorized to perform its functions and fulfill its obligations under the Proposal to facilitate the implementation of the Proposal.
13. Pursuant to the BIA, this Order shall have full force and effect in all provinces of Canada. This Court requests the aid and recognition of: (i) any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada; (ii) any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province; (iii) any court or any judicial, regulatory or administrative body of the United States; and (iv) the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms hereof.
14. Richards and the Trustee may apply to the Court for advice and direction in respect of any matter arising from or under the Proposal.

J.C.Q.B.A.

Entered this _____ day
of October, 2010

Clerk of the Court

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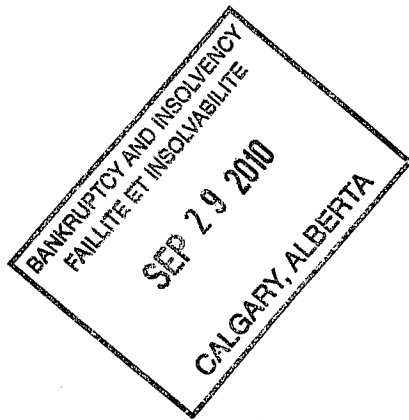
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APPROVAL ORDER

Macleod Dixon LLP
Barristers & Solicitors
3700 Canterra Tower
400 Third Avenue S.W.
Calgary, Alberta
T2P 4H2
Randal S. Van de Mosselaer
Telephone: (403) 267-8222
Fax: (403) 264-5973

File No. 266394



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