

Form
[Rule 5.6]

CLERK OF THE COURT
FILED
APR 02 2015
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1501-00044
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT **DIXIE ENERGY LTD., IN ITS CAPACITY AS ADMINISTRATOR OF DIXIE ENERGY TRUST, ON BEHALF OF OLYMPIA TRUST COMPANY, TRUSTEE OF DIXIE ENERGY TRUST**

**IN THE MATTER OF Section 43 of the *Trustee Act*,
RSA 2000, c. T-8**

**AND IN THE MATTER OF the Winding-Up of Dixie
Energy Trust**

DOCUMENT **AFFIDAVIT OF CALVIN YAU**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Attention: Steve Leidl / Allison Kuntz

File No. 01026353/0002

AFFIDAVIT OF CALVIN YAU

AFFIRMED ON APRIL 2, 2015

I, Calvin Yau, of Calgary, Alberta, AFFIRM AND SAY THAT:

1. I am the VP Finance & Chief Financial Officer (VP Finance & CFO) of Dixie Energy Ltd., the administrator (the Administrator) of Dixie Energy Trust (the Trust) on behalf of Olympia Trust Company (Olympia), the Trustee of the

Trust (the **Trustee**). I have been the VP Finance & CFO of the Administrator since August 1, 2014. Except as otherwise expressly stated, I have personal knowledge of the matters to which I depose in this Affidavit. Where facts deposed to are stated to be based on information and belief, I believe such information to be true.

2. Except as otherwise expressly stated, I have personal knowledge of the matters to which I depose in this Affidavit. Where facts deposed to are stated to be based on information and belief, I believe such information to be true.
3. The Administrator's only business has always been in respect of the administration of the Trust on behalf of the Trustee. The Administrator makes this application with the consent and at the direction of the Trustee.
4. In preparing this my affidavit, I reviewed the affidavit of Ian Atkinson affirmed January 9, 2015 (the **Atkinson Affidavit**), in this proceeding. I agree with the contents of the Atkinson Affidavit and also have personal knowledge of the information contained therein.

BACKGROUND

5. The Trust it is an unincorporated open-ended limited purpose trust, which was created and settled on June 29, 2012 pursuant to the laws of Alberta, and which is governed by the Second Amended and Restated Trust Indenture dated February 28, 2013, between Olympia and the Administrator, as amended by the supplemental indenture made as of June 6, 2014 (collectively the **Trust Indenture**). A copy of the Trust Indenture is attached hereto as **Exhibit "A"**.
6. As described more fully in the First Atkinson Affidavit:
 - a. the Trust sold all of its operating assets to a third party pursuant to a sale transaction (**Sale Transaction**) which closed on December 29, 2014, receiving gross proceeds of US\$47,500,000 (the **Sale Proceeds**). After the payment of liabilities, taxes and expenses related to the Sale Transaction and the Winding-Up (defined below), the Trust's property comprises approximately \$31.8 million of cash, which is being held by the Trust;
 - b. in connection with the Sale Transaction, the Administrator proposed the winding-up of the Trust (the **Winding-Up**);
 - c. both the Board of Directors of the Administrator and a special committee of independent directors considered the Sale Transaction with the assistance of independent financial and legal advisors, and in light of fairness opinions. Both reached the same unanimous conclusion that the Sale Transaction was in the best interest of the Trust and should be placed before holders of trust units of the Trust (**Unitholders**) for their approval;

- d. Unitholders voted upon and approved the Sale Transaction in the form of a "Sale and Winding-Up Resolution" by 99.92% of the votes cast; and
- e. pursuant to the Sale and Winding-Up Resolution, Unitholders also authorized the Trustee to apply to this Honourable Court (the **Court**) for an Order appointing Ernst & Young as Claims Administrator to administer the Winding-Up and establish a process (the **Claims Procedure**) for the identification and resolution of claims by Unitholders and creditors of the Trust.

THE CLAIMS PROCEDURE ORDER

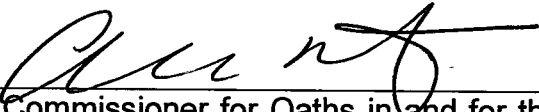
7. On January 9, 2015, the Trust, commenced an originating application seeking, among other things, an Order appointing Ernst & Young Inc. as the Claims Administrator and authorizing a Claims Procedure for the Trust.
8. The application was heard on January 13, 2015, and the Order was granted on January 20, 2015, a copy of which is attached hereto as **Exhibit "B"**.

THE CLAIMS PROCEDURE

9. I am advised by Bob Taylor of Ernst & Young Inc., and do verily believe, that since Ernst & Young Inc.'s appointment as Claims Administrator, it has carried out its mandate in accordance with the terms of the Order, administrating a "Unitholder Claims Procedure" and a "Creditor Claims Procedure" with a view to making distributions to the Unitholders and paying proven Creditors Claims from the Sale Proceeds.
10. Further, the Administrator has worked together with the Trustee and the Claims Administrator in order to determine the amount of Sale Proceeds that are available to the Unitholders for immediate distribution and to determine the amount that should be held back in order to account for future and potential liabilities.
11. The efforts of the Claims Administrator, the Trustee and the Administrator in that regard are described in the First Report of the Claims Administrator dated April 2, 2015, which is attached hereto as **Exhibit "C"**.
12. I have reviewed the First Report and agree with its contents.

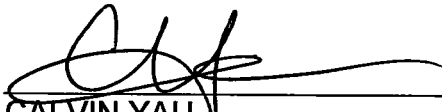
13. I do not believe that any party will be prejudiced by the granting of the Order as requested.

AFFIRMED BEFORE ME at Calgary,
Alberta, this 2th day of April, 2015.



A Commissioner for Oaths in and for the
Province of Alberta
Allison G. Kuntz
Barrister and Solicitor

Print Name and Expiry



CALVIN YAU
