Grant Thornton

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JUDICIAL CENTRE OF CALGARY

COURT FILE NUMBER:	**1701-03460**
COURT:	**COURT OF QUEEN'S BENCH OF ALBERTA**
JUDICIAL CENTRE:	**CALGARY**
APPLICANT:	**ALBERTA ENERGY REGULATOR**
RESPONDENT:	**LEXIN RESOURCES LTD., 1051393 B.C. LTD., 0989 RESOURCE PARTNERSHIP, LR PROCESSING LTD. and LR PROCESSING PARTNERSHIP**
DOCUMENT:	**RECEIVER'S SIXTH REPORT NOVEMBER 27th, 2017**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING DOCUMENT

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Introduction

1. On March 20, 2017, on application by the Alberta Energy Regulator ("**AER**"), the Court of Queen's Bench of Alberta (the "**Court**") granted an order (the "**Receivership Order**") appointing Grant Thornton Limited (the "**Receiver**") as receiver and manager of Lexin Resources Ltd. ("**Lexin**" or the "**Company**").

2. On June 13, 2017, on a consent basis the Court approved a receivership order ("**Expanded Receivership Order**") adding the following Lexin related entities to the within Receivership proceedings:

   a) 1051393 BC Ltd. ("**105**");

   b) 0989 Resource Partnership ("**0989**");

   c) LR Processing Ltd. ("**LR Ltd**"); and

   d) LR Processing Partnership ("**LR Partnership**");

   (collectively the "**Additional Lexin Entities**" and collectively, along with Lexin, the "**Lexin Group**").

3. On March 30, 2017, April 28, 2017, June 9, 2017, July 5, 2017 and October 12, 2017, the Receiver issued its First Report, Second Report, Third Report, Fourth Report and Fifth Report, respectively (collectively the "**Prior Reports**").

4. On July 14, 2017, the Court granted an Order (the "**July 14th Order**"), among other things:

   a) Approving the sales process (the "**Sales Process**") and the engagement of Sayer Energy Advisors Ltd. ("**Sayer**") to assist in the conduct of the Sales Process;

   b) Increasing the Receiver's Borrowings Charge from $1,200,000 to $2,100,000;

   c) Approving the Receiver's activities as set out in the Third Report dated June 9, 2017 and the Fourth Report dated July 6, 2017; and

d) Approving the Receiver's Statement of Receipts and Disbursements for the period March 20, 2017 to July 5, 2017 and the fees and disbursements of the Receiver and its legal counsel as set out in the Fourth Report.

5. On October 25, 2017, the Court heard the Receiver's application for advice and directions with respect to matters related to the Sales Process and Reviewable Transactions (both as defined in the Fifth Report). As a result of this application (the "**October 25 Application**") the following Orders were issued:

    a) A Bankruptcy Order as against Lexin and 0989 (the "**Bankruptcy Order**"). The Bankruptcy Order is limited in scope such that only any potential causes of action belonging to Lexin and 0989 are vested in the trustee in bankruptcy. All of the Lexin Group's Property otherwise remains under the purview of the Receivership Order and the Expanded Receivership Order, as the case may be;

    b) A procedural Order to establish a process and schedule for MFC Energy Finance Inc. to prove the Finance Loan (as defined in the Fifth Report) (the "**Procedural Order**");

    c) An Order allowing the Receiver to include certain disputed equipment in its ongoing Sales Process, subject to specified reservations of rights (the "**Equipment Order**"); and

    d) A Sealing Order with respect to the Confidential Supplement to the Receiver's Fifth Report.

    All of these Orders are available on the Receiver's website as later referenced in this report.

6. The purpose of this report (the "**Sixth Report**") is to:

    a) provide this Court and other interested parties with a brief summary of the activities of the Receiver since the Fourth Report and Fifth Report (as the Fifth Report focused on specific matters);

b) provide certain non-confidential information on the status of the Court-approved Sales Process the Receiver is presently conducting for the Lexin Group's oil and gas properties via its sales advisor, Sayer;

c) seek the Court's approval for the sale of Lexin's Carbon Credits (as defined herein) and provide information in respect thereof;

d) provide information on the financial position of the receivership and estimated projections of the Receiver's cash requirements for purposes of seeking court approval for an increase in the Receiver's borrowing powers;

e) seek the Court's approval for the Receiver's activities and conduct to date; and

f) seek the Court's approval for the Receiver's receipts and disbursements, including the professional fees and disbursements incurred by the Receiver and its legal counsel.

7. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein shall adopt the meaning as defined in the Receivership Order, the AER's originating application materials, the affidavit of Laura Chant sworn on March 11, 2017 (the "**Chant Affidavit**") and the Receiver's Prior Reports.

Limitations of Report

8. The information contained in the Sixth Report has been obtained from the available records of the Lexin Group, publicly available information, information obtained from various Lexin Group stakeholders, and discussions with former Lexin Group employees. The information was not audited nor otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about the Lexin Group. Accordingly, we do not express an opinion or any other form of assurance on the information presented herein. The Receiver may refine or alter its

observations as further information is obtained or is brought to its attention after the date of this report.

9. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction, or use of the Sixth Report. Any use that any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

10. A copy of the Sixth Report and other relevant documents in the receivership proceedings are available on the Receiver's website at: www.grantthornton.ca/Lexin.

Confidential Appendices

11. In order to avoid publicly disclosing certain information that would be prejudicial to third parties or the Receiver's efforts to maximize realizations from the sale of the Lexin Group's Property, prior to completing the sale of that Property, the Receiver has marked certain appendices to this report as confidential and omitted them from the report that will form part of the public record. These confidential appendices have been submitted to the Court for review and the Receiver will be applying for an order sealing these confidential appendices until further order of the Court.

Background

12. Lexin is a privately held corporation formed pursuant to the laws of British Columbia. The Company was engaged in the business of oil and gas exploration and production in Alberta.

13. The events leading up to the receivership of Lexin were outlined in the Chant Affidavit and in the First Report. In summary, Lexin had numerous regulatory orders issued against it by the AER which resulted in the suspension of all of Lexin's AER regulated assets. In an unprecedented step taken by the AER, the AER sought the appointment of a receiver to realize upon the assets of Lexin, attend to stakeholder and creditor issues in an orderly fashion and help address many of the outstanding environmental and safety issues at the Sites and the Abandoned Sites in a court supervised process.

14. The organizational structure of the Lexin Group is discussed in our Prior Reports. For ease of reference, we have included the organizational structure and a table of defined terms for each entity in documents attached as **Appendix 1** and **Appendix 2**, respectively.

15. Further background on the Lexin Group, its assets and events leading up to the receivership proceedings are available by reviewing the Chant Affidavit and materials filed in the proceedings.

Activities of the Receiver

16. Since filing the Fourth Report, the Receiver has taken a number of steps, which have been categorized into the following major areas:
    a) Environmental and Safety Issues;
    b) Asset Preservation and Protection Issues;
    c) Records and DPO Issues;
    d) Creditor/Stakeholder Issues; and
    e) Sales Process Issues.

    Each of these major areas are discussed further below with the exception of Sales Process issues, which is discussed in a separate section following this Activities of Receiver section.

Environmental and Safety Issues

17. The Receiver has continued to work with stakeholders, including the AER, OWA and Working Interest Partners ("**WIPS**"), to address environmental and safety matters. This includes providing Lexin Emergency Records ("**LER**") to the OWA, as appropriate, and assisting the AER with various environmental matters at the Mazeppa Plant, including continuing to ensure levels in the drainage ponds are pumped to an acceptable level. Additionally, the Receiver has been working with the OWA and WIPS with respect to abandonments of four non-saleable, high-sour-gas-content wells.

Asset Preservation and Protection Issues

18. The Receiver continues to conduct investigations and inquiries with respect to potential realizable assets which include cash on hand, accounts receivable, leases, capital and other assets. All current realizations are reflected in the financial position of the receivership discussed later in this report.

19. As part of the above investigations, the Receiver has been working with Pine Cliff Energy Ltd. ("**Pine Cliff**"), the operator for Lexin/0989's interest in the Ghost Pine Unit, with respect to monies owed to Lexin, which presently aggregate approximately $300,000. The Receiver is working with Pine Cliff to collect these funds without the requirement for a Court Order, in light of their concerns with the existence of a pre-receivership garnishee order issued by the AER.

20. In August, 2017, the Receiver obtained $40,410 from Summit Acceptance Corp. ("**Summit**") for Lexin's and LR Ltd.'s equity in certain leased vehicles that Summit sold following their seizure of the vehicles in February 2017.

21. Insurance coverage with respect to Property continues to be in place. The Receiver will make further amendments to assets insured once the Sales Process is completed. Due to the high cost of the liability insurance quotation, the AER has indicated to the Receiver that it would prefer instead to provide the Receiver with an indemnity against third party claims.

22. LR Processing matters:
    a) The Receiver is conducting its ongoing review of the accounting records of LR Processing since gaining access to the Lexin Group's electronic records in August 2017 and notes some accounting entries related to dispositions in or around December 2015. The Receiver continues to investigate this matter.
    b) Additionally, the Receiver notes that the land title to the Mazeppa Plant, owned by LR Processing, contains a lease-interest caveat registered by MFC Power General Partner Ltd. ("**MFC Power**") on December 21, 2015, which is in and around the time of the above noted accounting entries.

c) The Receiver notes through its own investigation that MFC Power is registered pursuant to the laws of British Columbia, with its records and registered office located at Sangra Moller. The two directors of MFC Power as of the September 18, 2017 date of the corporate search are Samuel Morrow and Ferdinand Steinbauer. Additionally, an MFC Power Limited Partnership is listed as a material subsidiary of Bancorp in Bancorp's 2016 20-F. Based on a registry search, MFC Power is listed as the general partner of MFC Power Limited Partnership. A copy of the Mazeppa Plant land title and the corporate searches for MFC Power and MFC Power Limited Partnership are attached as **Appendix 3, 4** and **5,** respectively.

d) The Receiver requested information from MFC Power through its registered office regarding the lease-interest on each of August 29, September 11 and November 7, 2017. In particular, the Receiver requested copies of any and all documentation pertaining to MFC Power's registration and lease interest against the Mazeppa facility, or that MFC Power may otherwise have against any one of the Lexin Group, together with a statement of balances owing related to such interests. The Receiver has not received a response to this request and notes that this MFC Power lease interest caveat will have implications to LR Processing in the Sales Process, given the unknown nature of the lease terms.

<u>Records and DPO Issues</u>

23. On July 18, 2017, Groia & Company provided its consent for the Receiver to gain access to the Lexin's electronic servers, with the exception of the email server, pursuant to an agreement that, among other things, pending completion of the Sales Process i) the Receiver would not review any emails contained in Lexin's electronic documents; ii), Groia & Company would not undertake a privilege review of any electronic documents or any remaining paper records not previously reviewed; and iii) if the Receiver wishes to review and/or disclose any emails contained in Lexin's electronic documents, it must first either comply with the document protocol currently in place or obtain a court order dispensing with same.

24. Thereafter, the Receiver engaged Lexin's third party IT consulting firm to restore Lexin's electronic environment, with the exception of the email server, a process that was completed in August 2017. These servers are now hosted by the IT consulting firm and accessed remotely by the Receiver.

25. The Receiver continues to access, as required, some of the over 4,700 banker's boxes now being stored at Calgary Archives.

26. Other than the above, the Records and DPO issues described in the Fourth Report, remain largely the same as a result of the Receiver focusing its efforts on the Sales Process and realization on the assets.

Creditor/Stakeholder Issues

27. Registered Claimants - The Receiver has continued to maintain discussions with PPR and land title registrants, WIPs, creditors and stakeholders as outlined in the Prior Reports.

28. Pension Issues - the Receiver has been contacted by Alberta Treasury Board and Finance ("**AB Treasury**"), who, along with a Mazeppa Plant union representative, informed the Receiver that there was a pension plan in place respecting employees of LR Processing. The AB Treasury representative confirmed that the Superintendent of Pensions was appointed the administrator of the Pension Plan for Mazeppa / Gladys Facilities Employees of Mazeppa Processing Partnership. The Receiver is in the process of scheduling a meeting for January 2018 with AB Treasury in order to gain a greater understanding of the issues involved with this matter, including but not limited to the amount held by AB Treasury in respect of the pension, the amount of any shortfall to the pension and the nature of the beneficiaries entitled to distributions thereunder.

29. Notice and Statement of Receiver ("**Notice**") – the Receiver has issued the Notices required regarding the Additional Lexin Entities.

30. Bankruptcy reporting – On October 25, 2017 the Bankruptcy Order was issued with respect to each of Lexin and 0989. The first meeting of creditors was held on November 14, 2017. The documents related to the bankruptcies are posted on the Receiver's website.

Sales Process

31. Following the Court's approval of the Sales Process on July 14, 2017, the Receiver met with Sayer to undertake the various tasks required to conduct the Sales Process. The bid deadline established pursuant to the Sales Process was initially September 15, 2017.

32. However, the Receiver and Sayer were delayed in the commencement of the Sales Process. This delay was caused in part by the fact that the Receiver and its IT consultant were only able to gain access to Lexin's server containing the required CS Explorer land system information subsequent to July 18, 2017 (being the date Groia & Company provided its consent for the Receiver to access the electronic records).

33. Additionally, due to the voluminous nature of the Lexin Group's holdings (i.e. a CS Explorer contract listing containing over 5,700 pages of contractual information), the Receiver and Sayer required time to compile the marketing materials and populate a virtual data room ("**VDR**") to be accessed by prospective bidders who signed confidentiality agreements to access the VDR and conduct due diligence.

34. As a result of this delay, the Receiver and Sayer established a bid deadline of October 5, 2017 in the materials sent out to their prospect list database. Prospective bidders were advised of the October 5, 2017 deadline in the marketing campaign materials distributed by Sayer on September 1, 2017 as outlined below.

35. A tabular summary of the key deadlines of the Sales Process as it was originally anticipated in the Fourth Report and the dates actually achieved, is as follows:

Event	Anticipated Date	Actual Date
Court approval	July 14, 2017	July 14, 2017
Launch marketing campaign	August 7, 2017	September 1, 2017
Bid deadline	September 15, 2017	October 5, 2017

36. On September 1, 2017, Sayer distributed a notice advising of the Sales Process regarding the Lexin Group's Property and directing parties to Sayer's website for a copy of a more detailed 165-page document describing the offering. A copy of Sayer's "mailer" is appended as **Appendix 6** to this report.

37. Notwithstanding the above-noted delays in the commencement of the marketing campaign and some of the issues encountered that will be discussed further herein, Sayer and the Receiver were both pleased with the number of market participants that showed interest in the Lexin oil and gas assets. Sayer noted achieving above-average response levels from Sayer's mail-out, from Sayer's web-site posting and from Sayer's advertisements in two on-line oil and gas industry publications as well as in the volume of confidentiality agreements executed by interested parties. As the Sales Process is currently underway, the Receiver will not be providing any confidential information arising from this process.

38. As outlined in the Fifth Report, due to issues associated with ownership of the equipment located on most of Lexin's licensed sites, the Receiver sought the advice and direction of the Court to resolve matters. The Equipment Order was ultimately obtained with the consent of 597. The Equipment Order provides that the Receiver is entitled to include the "597 Equipment" (as defined in that Order) in the Sales Process, but that 597's rights were otherwise reserved in respect of the 597 Equipment.

39. In addition, the Court made the Procedural Order to establish a process and schedule for determining the validity of the Finance Loan.

40. The Receiver, through its own efforts and from inquiries by prospective purchasers, is aware that once non-binding bids are selected, prospective purchasers will require further due diligence and will likely require ongoing access to Lexin's land, well and related contract files, all of which are contained in hundreds of boxes located at Calgary Archives, a third party

storage site. As this information will be required to be readily available for due diligence, the Receiver anticipates obtaining office space and contract landmen to facilitate this physical data room. This consideration is contained in the cash projections contained in a later section of this report.

Carbon Credits Marketing

41. In August 2017, the Receiver was approached by North American Climate Exchange Inc. ("**NACX**"), a company specializing in the brokering of emission offsets, a creation of the Alberta Government as part of its carbon reduction initiatives. These offsets are referred to herein as "**Carbon Credits**".

42. NACX informed the Receiver that Lexin had accumulated just over 78,000 tonnes of Carbon Credits through Lexin's non-operated working interest in acid gas re-injection projects conducted between 2007 and 2014 and that these Carbon Credits had potential market value.

43. After being approached by NACX, the Receiver evaluated the process for sale of such credits through a broker, including NACX and others engaged in the sale of Carbon Credits. The Receiver understands, through discussions with NACX and other knowledgeable parties that the market for Carbon Credits in Alberta is small and non-transparent, primarily due to the private treaty and non-published nature of transactions.

44. Following this evaluation process, in September 2017 the Receiver entered into an engagement letter agreement with NACX (the "**NACX Engagement Agreement**") whereby NACX agreed to assist the Receiver with the sale of the Lexin Group's Carbon Credits. The NACX Engagement Agreement provides for a 5% commission payable to NACX by the Receiver on the sale price of the Carbon Credits, should a sale of the Carbon Credits be approved by the Court and should that sale subsequently close.

45. The Receiver understands that NACX approached entities that would comprise a substantial majority of the "emissions" in Alberta and were active in the Carbon Credits market. In mid-

October, after canvassing these potential purchasers, NACX informed the Receiver that they had a prospective buyer for the Carbon Credits in ConocoPhillips Canada Resources Corp. ("**Conoco**"). The Receiver was advised by NACX that Conoco was prepared to offer a transaction price that NACX believed to be the highest achievable in the circumstances, taking into consideration that the sale would be on an "as-is, where-is" basis without any representations and warranties from the seller (the "**Conoco Offer**"). NACX has advised the Receiver that they are not aware of any previous "as-is, where-is" sale of Carbon Credits in Alberta.

46. NACX provided the Receiver with a letter detailing why NACX believes the Conoco Offer to be the best offer achievable for the Lexin Group's Carbon Credits in the circumstances. A copy of this letter is attached as **Appendix 7**. This excludes a schedule containing a detailed analysis of the transaction and a list of companies canvassed by NACX, which schedule is attached as **CONFIDENTIAL APPENDIX 8**. This schedule contains commercially sensitive information which if disclosed prior to the closing of the sale of the Carbon Credits could adversely affect the Receiver's ability to remarket the credits, in the event the sale fails to close for any reason.

47. Upon reviewing the NACX letter and schedule, and upon conducting its own investigations with other Carbon Credit brokers and the Receiver being satisfied with the marketing efforts undertaken by NACX, on November 24, 2017 the Receiver, NACX and Conoco negotiated an emissions offset purchase and sale agreement ("**EOPA**"), a copy of which is appended to this report as **CONFIDENTIAL APPENDIX 9**. The EOPA contains a 10% non-refundable deposit, payable ten (10) days from execution of the EOPA. The Receiver intends to ensure compliance with this requirement prior to the Court application.

48. The Receiver considers the sales process for the Carbon Credits and the EOPA to be fair and reasonable given that:
    a) it was negotiated at arm's length and in good faith;
    b) the Receiver engaged the services of an agent who focuses on this specialized area and a majority of the relatively small market for carbon credits was canvassed; and

c) the purchase price obtained, in the Receiver's view, represents the highest price in the circumstances and comparable to recent Carbon Credit sales where standard representations and warranties were given, as compared to the EOPA which contains no representations or warranties and is on an "as is-where is" basis.

49. In addition, the Receiver notes that there is very little cash flow or asset realizations in these receivership proceedings, outside of the Receiver's Borrowings, due to the fact that Lexin's licensed oil and gas assets have been ordered suspended by the AER. Thus, the net proceeds from the Conoco Offer will provide a much needed injection of cash into the proceedings to assist in funding the administration of the receivership proceedings or repaying a portion of the outstanding Receiver's Borrowings, as more particularly described below.

50. For the above noted reasons, the Receiver views the EOPA to be in the best interest of the Lexin Group's stakeholders. The Receiver supports and recommends the sale of Lexin's Carbon Credits to Conoco as being commercially reasonable in the circumstances.

Estate Financial Position and Projected Receipts & Disbursements

Actual Costs

51. The Receiver has issued $2,010,000 in Receiver's Certificates to the lender, AER, which is $90,000 under the maximum borrowing level permitted by the Receivership Order, as amended by the July 14th Order.

52. In the Fourth Report, the Receiver included a projection of costs to September 30, 2017. Attached as **Appendix 10** is a comparison of the projections contained in the Fourth Report, to the actual costs incurred to September 30, 2017. The actual receipts less disbursements is $396,971 greater than projected creating a positive variance. This was primarily a result of timing differences and lower than projected professional fees, contractor costs, and utility and other costs, as well the receipt of additional funds from the sale of certain vehicles.

53. The actual receipts and disbursements ("**R&D**") for the Lexin Group as at October 30, 2017, is contained in **Appendix 11** and is summarized on the following table:

Actual as at October 30, 2017	Unrestricted	Restricted	Total
Receipts	$ 2,170,401	73,086	2,243,487
Disbursements	2,001,029	-	2,001,029
Cash Held in Trust	$ 169,372	73,086	242,458

54. The restricted funds represent the approximately $60,000 receipt from Cargill for post-receivership gas sales and the approximate $13,000 receipt for Lexin's non-operated interest in a seismic sale conducted through Pulse Seismic by the operator of this seismic. As there are various potential claimants to these funds, they have been retained in the restricted trust account.

55. Included in the R&D is a total of $1,051,532 of professional fees and disbursements paid to the Receiver and its legal counsel to date, $478,917 of which were previously approved pursuant to the Sales Process Order granted by the Court on July 14, 2017. In addition to the accounts rendered and paid, there are $245,115 of professional fees and disbursements rendered by the Receiver and its legal counsel, but not yet paid. A summary of the accounts rendered by the Receiver and its legal counsel, including the accounts previously approved by the Court and the additional accounts rendered, is included as **Appendix 12** to this report.

56. Several factors have contributed to the professional costs incurred to date in the within Receivership proceedings, including but not limited to:
    a) the size and complexity of a company that is reflective of a 24 year-old operation (previously Compton Petroleum) that was at one time an intermediate oil and gas company producing over 30,000 BOE/day, with revenues in excess of $500 million, employing over 200 personnel and managing over 2,000 licensed wells, facilities and pipelines;
    b) the extensive difficulties the Receiver has encountered in accessing Lexin Records, much of which were either in disarray or only crudely indexed in various locations as more particularly detailed at paragraphs 39 to 45 of the Receiver's First Report;

c) the requirement to develop document disclosure protocols in order to access Lexin Records due to the privilege claims asserted by Groia & Company Professional Corporation on behalf of Lexin;

d) the requirement to rebuild the electronic environment, an environment accumulated over 24 years that over this time frame employed hundreds of employees and managed thousands of wells, contained on Lexin's servers in order to obtain more up to date records than found in the hard copy records, as more particularly detailed in the Receiver's Prior Reports;

e) the requirement for the Receiver to conduct its investigations on the above Lexin Records and electronic environment without the aid of any employees, all of whom had been terminated by the time of the Receiver's appointment;

f) the very limited to non-existent co-operation from the Lexin Group's former directors and management;

g) the ongoing investigations required to ascertain the nature and extent of Lexin's ownership interests and complex transactions with related parties, including litigation regarding the validity of the secured loan claimed by Finance;

h) the volume of responses required to the numerous surface and mineral lessor inquiries regarding lease and royalty arrears and other matters, all without the benefit of Lexin personnel to assist;

i) the undertaking of a sales process in circumstances where:

   i. the Company has not been reporting production to regulatory authorities for over a year and its financial records have not been kept current;

   ii. the Lexin Group has no employees to assist in purchaser due diligence and its high volume of Records are located in remote storage locations for the Receiver and contractors to access for this purpose; and

   iii. competing ownership interests are asserted by related parties as well as what appear to be arm's length parties over the same assets;

j) the need to engage in correspondence with lending institutions and third parties in foreign jurisdictions in order to gain an understanding of transactions entered into by the Lexin Group;

k) the necessity to field calls and answer questions from WIPs, the OWA and other interested parties in respect of Lexin's assets;

l) the necessity to conduct urgent security reviews regarding requests to remove leased equipment from the Sites and Abandoned Sites pursuant to paragraph 5 of the Receivership Order;

m) the requirement to provide the Receiver's position with respect to the application of the stay of proceedings granted in the within Receivership proceedings to the continuation of regulatory proceedings pending before the AER; and

n) the initiation of appeal proceedings by Lexin from the granting of certain orders in the receivership proceedings.

57. The Receiver is of the opinion that the professional fees incurred to date are reasonable in the circumstances and respectfully recommends that the Court approve the additional fees and disbursements incurred after the July 14 Order, inclusive of GST, totaling $858,528.58 representing $579,401.88 in respect of the Receiver's fees and disbursements and $279.126.70 in respect of the fees and disbursements of the Receiver's legal counsel.

Projected Costs

58. The projected R&D (the "**Projected R&D**") for the estate to February 28, 2018, inclusive of the actual R&D above, but exclusive of the restricted trust account with the $60,350 of funds received from Cargill and the $12,736 received from Pulse for non-operated seismic sales, is contained in **Appendix 13** and is summarized below:

Projected to February 28, 2018 (Unrestricted Trust Accounts only)		
Receipts	$	3,139,559
Disbursements		3,132,081
Receipts less Disbursements	$	7,479

59. The key underlying assumptions to these October 2017 to February 2018 projections are contained in the footnotes of the Projected R&D, but on a high level are summarized as follows:

a) Accounts receivable – as referenced earlier, in December the Receiver anticipates the receipt of approximately $300,000 from Pine Cliff for 0989's share of the Ghost Pine unit's profits, plus an estimate of $40,000 per month thereafter,
b) Receiver and legal counsel fees and costs – estimated at approximately $560,000;
c) Utilities – electricity, emergency response line and line-locate costs for accounts that have been placed into the Receiver's name for consolidation purposes estimated at approximately $120,000;
d) Contractor (land and accounting) costs – estimated at approximately $120,000, which includes additional contractor costs likely required to facilitate due diligence by prospective purchasers in the Sales Process, as discussed previously in this report;
e) Insurance, software licensing and consulting fees, server set-up and maintenance, sales advisor, storage costs, office rent (for due diligence purposes), interest expenses, and other miscellaneous expenses – estimated at approximately $120,000;
f) Commission expense – the fixed portion of the sales commission owing to Sayer is $75,000, which is payable two months from the October 5 bid deadline;
g) Bankruptcy funding costs – estimated at $30,000;
h) Mineral and surface lease and property tax costs – unknown pending due diligence procedures conducted by prospective purchasers, as discussed previously.

60. The Projected R&D indicates that there are significant costs associated with the Sales Process, Finance Loan adjudication, utilities and related costs that support the request for the increase to the Receiver's borrowings and related charge.

61. Based on the above, the Receiver will require a $500,000 increase in its borrowing powers from $2,100,000 at present to $2,600,000. This does not factor in any sales proceeds for the Carbon Credits. The Receiver is seeking to increase its borrowing powers in the event the Carbon Credits sale is not completed. If the sale is completed, the Receiver intends to use the proceeds of the sale to either fund the ongoing costs of the administration of the Receivership and/or repay certain amounts on the previously issued Receiver's Certificates.

62. This amount may be required to be increased for the various items denoted in the projected R&D as being "unknown", once due diligence procedures have been commenced by prospective purchasers and as future events unfold.

Recommendations

63. The Receiver respectfully recommends that the Court:

a) Approve the sale of Carbon Credits to Conoco as outlined herein and in the EOPA in Confidential Appendix 9 and authorize the Receiver to use the proceeds from the sale in the execution of the Receiver's duties and where the Receiver deems appropriate, to pay down a portion of the Receiver Certificates;

b) Approve the sealing of the Confidential Appendix 8 and 9 until further Order of this Court;

c) Approve an increase in the Receiver's Borrowing Powers from $2,100,000 to $2,600,000, along with a corresponding increase to the Receiver's Borrowings Charge;

d) Approve the fees and disbursements of the Receiver and its legal counsel as outlined in Appendix 12; and

e) Approve the Receiver's activities and conduct to date, as outlined in the Fifth Report and in this Sixth Report.

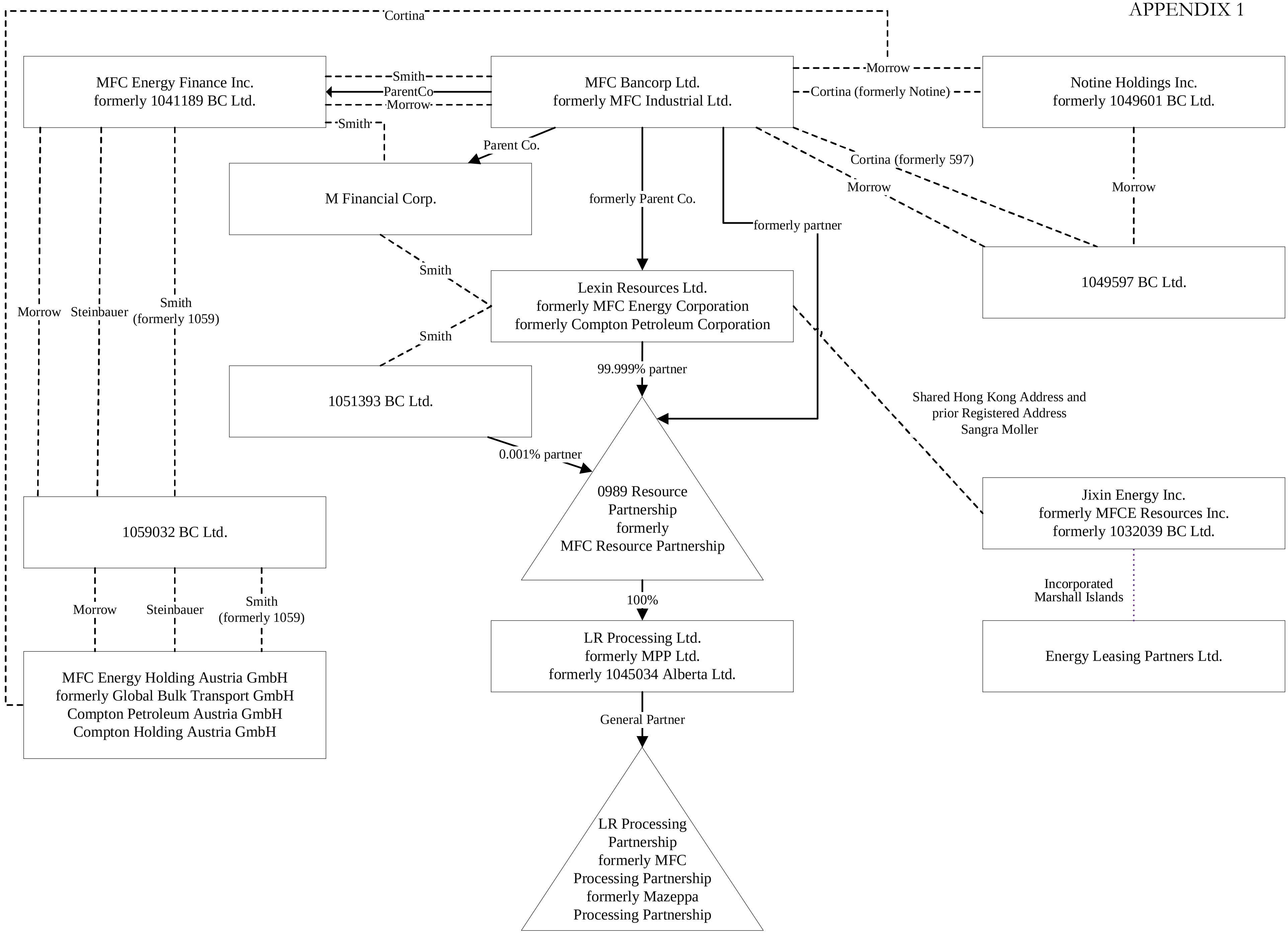
DATED at Calgary Alberta, the 27th day of November 2017.

Grant Thornton Limited,
in its capacity as receiver of
Lexin Resources Ltd., 1051393 BC Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership
and not in its personal capacity

Andrew Basi, CPA, CA, CIRP, LIT
Senior Vice President

Michael Costello, CPA, CA, CBV
Senior Consultant

APPENDIX 1



Cortina
MFC Energy Finance Inc.
formerly 1041189 BC Ltd.
Smith
ParentCo
Morrow
Smith
MFC Bancorp Ltd.
formerly MFC Industrial Ltd.
Morrow
Cortina (formerly Notine)
Notine Holdings Inc.
formerly 1049601 BC Ltd.
Parent Co.
M Financial Corp.
formerly Parent Co.
formerly partner
Cortina (formerly 597)
Morrow
Morrow
1049597 BC Ltd.
Smith
Lexin Resources Ltd.
formerly MFC Energy Corporation
formerly Compton Petroleum Corporation
Morrow
Steinbauer
Smith
(formerly 1059)
Smith
1051393 BC Ltd.
99.999% partner
Shared Hong Kong Address and
prior Registered Address
Sangra Moller
0.001% partner
0989 Resource
Partnership
formerly
MFC Resource Partnership
Jixin Energy Inc.
formerly MFCE Resources Inc.
formerly 1032039 BC Ltd.
1059032 BC Ltd.
Incorporated
Marshall Islands
100%
Morrow
Steinbauer
Smith
(formerly 1059)
LR Processing Ltd.
formerly MPP Ltd.
formerly 1045034 Alberta Ltd.
Energy Leasing Partners Ltd.
MFC Energy Holding Austria GmbH
formerly Global Bulk Transport GmbH
Compton Petroleum Austria GmbH
Compton Holding Austria GmbH
General Partner
LR Processing
Partnership
formerly MFC
Processing Partnership
formerly Mazeppa
Processing Partnership

	Current Name of Entity	Predecessor Name of Entity (prior to name change)	Defined Term hereafter
a	Lexin Resources Ltd.	MFC Energy Corporation Compton Petroleum Corporation	**“Lexin”**
b	0989 Resource Partnership	MFC Resource Partnership Compton Resource Partnership	**“0989”**
c	1051393 BC Ltd.	n/a	**“105”**
d	LR Processing Ltd.	MPP Ltd. 1045034 Alberta Ltd.	**“LR Ltd.”**
e	LR Processing Partnership	MFC Processing Partnership Mazeppa Processing Partnership	**“LR Processing”**
f	1049597 BC Ltd.	n/a	**“597”**
g	MFC Energy Finance Inc.	1041189 BC Ltd.	**“Finance”**
h	1059032 BC Ltd.	n/a	**“1059”**
i	Notine Holdings Inc.	1049601 BC Ltd.	**“Notine”**
j	MFC Energy Holding Austria GmbH	Global Bulk Transport GmbH Compton Petroleum Austria GmbH Compton Holding Austria GmbH	**“MFC Austria”**
k	Jixin Energy Inc.	MFCE Resources Ltd. 1032039 B.C. Ltd.	**“Jixin”**
l	MFC Bancorp Ltd.	MFC Industrial Ltd.	**“Bancorp”**
m	M Financial Corp.	Unknown	**“M Financial”**
n	Energy Leasing Partners Ltd.	Unknown	**“ELP”**

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0013 570 438	4;28;19;35;SE	031 312 242 +1

LEGAL DESCRIPTION
MERIDIAN 4 RANGE 28 TOWNSHIP 19
SECTION 35
QUARTER SOUTH EAST
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE

MUNICIPALITY: MUNICIPAL DISTRICT OF FOOTHILLS NO. 31

REFERENCE NUMBER: 011 097 460 +1

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
031 312 242	12/09/2003	TRANSFER OF LAND	$36,000,000	$10

OWNERS

MPP LTD.
OF 400, 1035 - 7 AVE SW
CALGARY
ALBERTA T2P 3E9
(DATA UPDATED BY: CHANGE OF ADDRESS 151290823)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
961 307 287	20/12/1996	CAVEAT RE : RIGHT OF WAY AGREEMENT , ETC. CAVEATOR - MPP LTD. 400, 1035 - 7 AVE SW CALGARY ALBERTA T2P3E9 (DATA UPDATED BY: TRANSFER OF CAVEAT 001068706) (DATA UPDATED BY: TRANSFER OF CAVEAT

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		011129217) (DATA UPDATED BY: TRANSFER OF CAVEAT 031253860) (DATA UPDATED BY: TRANSFER OF CAVEAT 031253870) (DATA UPDATED BY: CHANGE OF ADDRESS 151290824)
041 021 147	15/01/2004	UTILITY RIGHT OF WAY GRANTEE - LEXIN RESOURCES LTD. PO BOX 6808, STN D CALGARY ALBERTA T2P2E7 (DATA UPDATED BY: CHANGE OF NAME 141183728) (DATA UPDATED BY: CHANGE OF NAME 161088286)
051 008 240	07/01/2005	CAVEAT RE : PIPELINE RIGHT OF WAY CAVEATOR - MPP LTD. 400, 1035 - 7 AVE SW CALGARY ALBERTA T2P3E9 AGENT - MEGAN SHABACK (DATA UPDATED BY: CHANGE OF ADDRESS 151290824)
151 333 958	21/12/2015	CAVEAT RE : LEASE INTEREST , ETC. CAVEATOR - MFC POWER GENERAL PARTNER LTD. MFC POWER LIMITED PARTNERSHIP C/O MFC POWER GENERAL PARTNER LTD SUITE 400, 1035-7TH AVENUE, SW CALGARY ALBERTA T2P3E9 AGENT - PAUL D LOGAN
151 336 847	23/12/2015	BUILDER'S LIEN LIENOR - YOUNG ENERGYSERVE INC. 234125 WRANGLER ROAD S.E. ROCKY VIEW ALBERTA T1X0K2 AGENT - DAVID A WRIGHT AMOUNT: $1,678,995
161 026 215	26/01/2016	CAVEAT RE : EASEMENT
161 026 216	26/01/2016	CAVEAT RE : EASEMENT
161 026 217	26/01/2016	CAVEAT RE : EASEMENT

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
161 026 218	26/01/2016	CAVEAT RE : EASEMENT
161 026 219	26/01/2016	CAVEAT RE : EASEMENT
161 032 610	01/02/2016	BUILDER'S LIEN LIENOR - TECHMATION ELECTRIC & CONTROLS LTD. C/O ALTALAW LLP 5233-49 AVE RED DEER ALBERTA T4N6G5 AGENT - GLENN RIDEOUT AMOUNT: $197,511
161 033 302	02/02/2016	NOTICE OF SECURITY INTEREST RE : FIXTURES IN FAVOUR OF - 1049597 B.C. LTD. SUITE 1860, 400 BURRARD ST VANCOUVER BRITISH COLUMBIA V6C3A6 DEBTOR - MFC PROCESSING PARTNERSHIP. SUITE 400,1035-7TH AVE SW CALGARY ALBERTA T2P3E9 AMOUNT: $850,000 EXPIRES: 2019/01/19
161 037 819	08/02/2016	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 151336847
161 037 919	08/02/2016	BUILDER'S LIEN LIENOR - UNIQUE SCAFFOLD INC. ATTN: GLENN BLACKETT C/O CARSCALLEN LLP 1500, 407 - 2ND STREET SW CALGARY ALBERTA T2P2Y3 AGENT - WILLIAM PROCYK AMOUNT: $153,586
161 037 920	08/02/2016	BUILDER'S LIEN LIENOR - UNIQUE SCAFFOLD INC. ATTN: GLENN BLACKETT C/O CARSCALLEN LLP 1500, 407 - 2ND STREET SW CALGARY ALBERTA T2P2Y3 AGENT - WILLIAM PROCYK

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		AMOUNT: $153,586 AS TO LEASEHOLD ESTATE
161 050 738	24/02/2016	BUILDER'S LIEN LIENOR - 721381 ALBERTA LTD. C/O L.M. GORDON LAW OFFICE ATTN: LAURIE M. GORDON 2213 - 20TH STREET NANTON ALBERTA T0L1R0 AGENT - SHANE HAISTE AMOUNT: $19,367
161 057 261	02/03/2016	BUILDER'S LIEN LIENOR - AUTOPRO AUTOMATION CONSULTANTS LTD. C/O STRINGAM LLP 102, 10126-97 AVENUE GRANDE PRAIRIE ALBERTA T8V7X6 AGENT - ROBERT BEATTIE AMOUNT: $15,293
161 057 262	02/03/2016	BUILDER'S LIEN LIENOR - AUTOPRO AUTOMATION CONSULTANTS LTD. C/O STRINGAM LLP 102, 10126-97 AVENUE GRANDE PRAIRIE ALBERTA T8V7X6 AGENT - ROBERT BEATTIE AMOUNT: $15,293
161 092 518	19/04/2016	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 161037920
161 092 521	19/04/2016	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 161037919
161 123 513	27/05/2016	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 161032610
161 179 923	03/08/2016	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 161057261 AFFECTS INSTRUMENT: 161057262
171 078 379	12/04/2017	ORDER PURSUANT TO THE ENVIRONMENTAL PROTECTION AND ENHANCEMENT ACT.
171 084 679	24/04/2017	TAX NOTIFICATION BY - THE MUNICIPAL DISTRICT OF FOOTHILLS NO. 31.

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		BOX 5605 HIGH RIVER, ALBERTA T1V1M7

TOTAL INSTRUMENTS: 024

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 16 DAY OF JUNE, 2017 AT 02:25 P.M.

ORDER NUMBER: 33129919

CUSTOMER FILE NUMBER: S11085

REGISTRAR OF LAND TITLES

END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

BRITISH COLUMBIA | BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

MFC POWER GENERAL PARTNER LTD.

Date and Time of Search: **September 18, 2017 09:38 AM Pacific Time**

Currency Date: August 03, 2017

ACTIVE

Incorporation Number: BC1046533

Name of Company: MFC POWER GENERAL PARTNER LTD.

Recognition Date and Time: Incorporated on August 20, 2015 12:09 PM Pacific Time **In Liquidation:** No

Last Annual Report Filed: August 20, 2016 **Receiver:** No

REGISTERED OFFICE INFORMATION

Mailing Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Morrow, Samuel

Mailing Address:
SUITE 1860, 400 BURRARD STREET
VANCOUVER BC V6C 3A6
CANADA

Delivery Address:
SUITE 1860, 400 BURRARD STREET
VANCOUVER BC V6C 3A6
CANADA

Last Name, First Name, Middle Name:
Steinbauer, Ferdinand

Mailing Address:	**Delivery Address:**
1860, 400 BURRARD STREET VANCOUVER BC V6C 3A6 CANADA	1860, 400 BURRARD STREET VANCOUVER BC V6C 3A6 CANADA

NO OFFICER INFORMATION FILED AS AT August 20, 2016.

BC Registry Services
Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.bcregistryservices.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
1 877 526-1526

Limited Partnership Summary

For

MFC POWER LIMITED PARTNERSHIP

Date and Time of Search:	November 23, 2017 10:51 AM Pacific Standard Time
Currency Date:	November 20, 2017

ACTIVE

Registration Number:	LP0668421
Name of Limited Partnership:	MFC POWER LIMITED PARTNERSHIP
Registration Date:	August 25, 2015
Termination Date:	
NWPTA Indicator:	Y

REGISTERED OFFICE INFORMATION

Registered Office Address:

1000 - 925 GEORGIA ST W
VANCOUVER BC V6C 3L2

GENERAL PARTNER INFORMATION

Individual or Company Name:	**Incorporation or Registration Number:**
MFC POWER GENERAL PARTNER LTD.	1046533

Residential Address:

1000 Cathedral Place
925 West Georgia Street
Vancouver BC
CANADA V6C 3L2

Receivership Sale

BID DEADLINE: 12:00 pm October 5, 2017

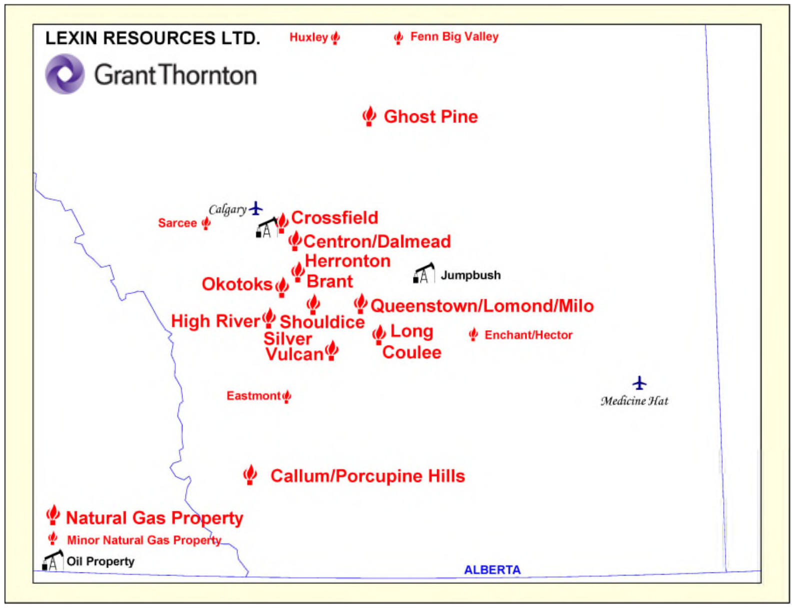
Receivership Sale: 7,272 boe/d Production Capability Various Areas of Alberta

LEXIN RESOURCES LTD.

Sayer Energy Advisors has been engaged to assist Grant Thornton Limited, in its capacity as court-appointed receiver (the "Receiver") of Lexin Resources Ltd., 0989 Resource Partnership, 1051393 BC Ltd., LR Processing Ltd. and the LR Processing Partnership (collectively the "Lexin Group" or "Lexin") with the sale of the oil and natural gas properties held by the Lexin Group (the "Properties").

The Properties include approximately 1,380 Lexin-licensed wells, 81 Lexin-licensed facilities, 236 Lexin-licensed pipelines and 260 non-operated wells operated by approximately 50 partners.

Lexin's major operated properties, as shown on the offsetting map are mainly concentrated in an area south and east of Calgary.



(Map shows the location of Lexin's major operated properties only.)

All of Lexin's operated wells, facilities and pipelines are currently in the care and custody of the Orphan Well Association (the "OWA") or Lexin's working interest partners.

Considering that most of Lexin's operated wells have been shut-in for some time, recent and reliable production figures are not available. It is estimated that Lexin's net raw production capability from its operated and non-operated wells totals approximately 7,272 boe/d (39.2 MMcf/d of natural gas, 521 barrels of natural gas liquids per day and 215 barrels of oil per day).

PROCESS & TIMELINE

Sayer Energy Advisors is accepting cash offers relating to this receivership sale until **12:00 pm on Thursday, October 5, 2017**.

Timeline		
Week of September 5, 2017		Preliminary Information Distributed
September 12, 2017		Data Room Opens
October 5, 2017	12:00 noon	Bid Deadline
November 1, 2017		Effective Date
December 2017		Closing Date

Sayer Energy Advisors does not conduct a "second-round" bidding process; the intention is to attempt to conclude transactions with the parties submitting the most acceptable proposals at the conclusion of the process.

Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, October 5, 2017.

© Sayer Energy Advisors 2017
1620, 540 – 5th Avenue SW, Calgary, Alberta Canada T2P 0M2
Tel: 403.266.6133 Fax: 403.266.4467 www.sayeradvisors.com

PRODUCTION & RESERVES OVERVIEW

Considering that most of Lexin's operated wells have been shut-in for some time, recent and reliable production figures are not available. It is estimated that Lexin's net raw production capability from its operated and non-operated wells totals approximately 7,272 boe/d (39.2 MMcf/d of natural gas, 521 barrels of natural gas liquids per day and 215 barrels of oil per day).

GLJ Petroleum Consultants Ltd. ("GLJ") prepared an independent reserves evaluation of Lexin's properties specifically for this divestiture (the "GLJ Report"). The GLJ Report, which is a mechanical update of Lexin's December 31, 2014 year-end report, is effective March 31, 2017 using GLJ's April 2017 forecast pricing.

GLJ estimates that, as of March 31, 2017, the Properties contained remaining proved plus probable reserves of 323,000 barrels of oil, 100 Bcf of natural gas and 1.7 million barrels of natural gas liquids (18.7 million barrels of oil equivalent), with an estimated net present value of $66.8 million using forecast pricing at a 10% discount.

Production & Reserves - Lexin Operated Properties

It is estimated that Lexin's operated properties are capable of producing approximately 7,097 boe/d (38.2 MMcf/d of natural gas, 512 barrels of natural gas liquids per day and 211 barrels of oil per day), as summarized below.

AREA	PROPERTY	COMPANY INTEREST RESERVES (Proved plus probable)					Production (Sayer estimated raw production)			
LEXIN OPERATED PROPERTIES		**Oil Mbbl**	**Nat. Gas MMcf**	**ngl Mbbl**	**Total Mboe**	**PV 10% $000**	**Oil bbl/d**	**ngl bbl/d**	**Nat. Gas Mcf/d**	**Total boe/d**
High River / Okotoks major properties	**Brant**	property not evaluated					0	0	2,000	333
	Centron/Dalemead	no reserves assigned					0	0	220	37
	Crossfield	no reserves assigned					150	7	1,000	324
	Enchant/Hector	property not evaluated					0	0	100	17
	Farrow	property not evaluated					2	0	100	19
	Herronton/Gladys	4	4,729	133	925	$4,014	0	100	3,000	600
	High River/Hooker	1	62,550	1,278	11,704	$39,557	0	210	11,000	2,043
	Lomond/Milo	property not evaluated					0	0	850	142
	Long Coulee	171	349	1	230	$4,117	2	0	24	6
	Okotoks	0	15,833	109	2,748	$2,472	0	80	10,000	1,747
	Queenstown	30	2,505	26	474	$2,289	3	8	850	153
	Shouldice	105	570	15	215	$2,941	18	3	200	54
	Silver	property not evaluated					0	0	1,200	200
	Vulcan/Champion	0	82	1	15	$24	30	0	700	147
High River / Okotoks minor properties										
	Aphrodites	property not evaluated					0	0	0	0
	Carmangay	property not evaluated					0	0	0	0
	Chauncey	property not evaluated					1	0	0	1
	Claresholm	property not evaluated					0	0	0	0
	Connemara/Parkland	property not evaluated					2	0	210	37
	Jumpbush	property not evaluated					3	0	0	3
	Millarville/Turner Valley	property not evaluated					0	0	0	0
	Sarcee	property not evaluated					0	0	0	0
Southern Alberta	**Eastmont**	property not evaluated					0	55	0	55
	Kim	property not evaluated					0	0	0	0
	Porcupine Hills (Callum North)	0	1538	43	298	$1,003	0	0	725	121
	Spring Coulee	property not evaluated					0	0	0	0
	Vauxhall	property not evaluated					0	0	0	0
	Waterton/Todd (Callum)	0	1,580	0	264	$2,620	0	45	3,900	695
										0
Central Alberta	**Fenn West/Rich**	no reserves assigned					0	0	2	0
	Ghost Pine/Carbon	0	7,273	6	1,218	$4,348	0	4	2,100	354
	Huxley	property not evaluated					0	0	60	10
	Twining	property not evaluated					0	0	0	0
TOTAL OPERATED		**311**	**97,009**	**1,612**	**18,091**	**$63,385**	**211**	**512**	**38,241**	**7,097**

Production & Reserves - Non-Operated Properties

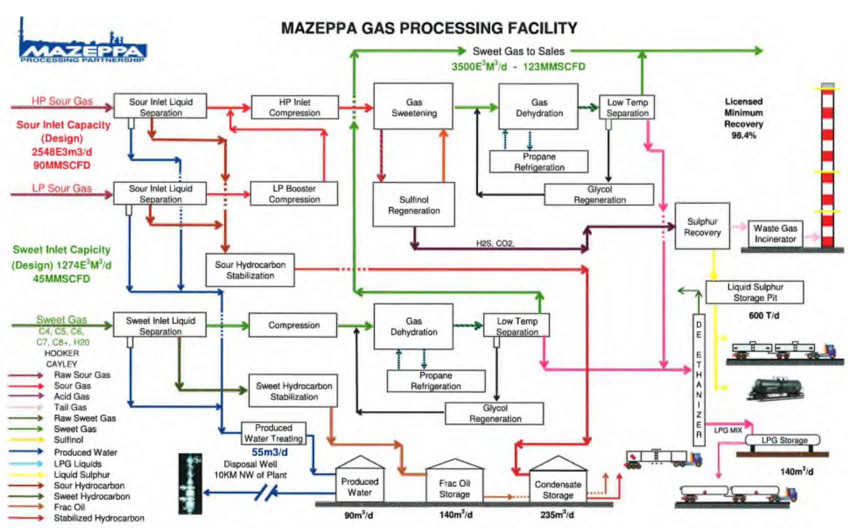
It is estimated that Lexin's non-operated properties are capable of producing approximately 176 boe/d net to Lexin (978 Mcf/d of natural gas, nine barrels of natural gas liquids per day and four barrels of oil per day), as summarized below.

AREA	PROPERTY	COMPANY INTEREST RESERVES (Proved plus probable)					Production (Sayer estimated raw production)			
NON-OPERATED PROPERTIES		Oil Mbbl	Nat. Gas MMcf	ngl Mbbl	Total Mboe	PV 10% $000	Oil bbl/d	ngl bbl/d	Nat. Gas Mcf/d	Total boe/d
Southern Alberta	Bow Island	property not evaluated					0	0	0	0
High River/Okotoks	Little Bow	property not evaluated					0	0	0	0
	McGregor	property not evaluated					0	0	0	0
	Robin	property not evaluated					0	0	0	0
Central Alberta	Bashaw D-2 G Unit	9	26	3	16	$129	1	0	2	1
	Bashaw/Chigwell	property not evaluated					1	0	6	2
	Crossfield East	property not evaluated					0	0	0	0
	Ghost Pine Unit	2	2,848	21	498	$2,658	0	6	780	136
	Hayter	property not evaluated					0	0	0	0
	Heathdale	property not evaluated					0	0	0	0
	Lochend	0	216	15	51	$329	0	2	33	8
	Provost	property not evaluated					0	0	5	1
	Stanmore	property not evaluated					0	0	0	0
	Three Hills Gas Unit No. 1	0	50	1	9	$90	0	1	26	5
Northern Alberta	Abee	property not evaluated					0	0	0	0
	Bonnie Glen	property not evaluated					0	0	0	0
	Brazeau	0	185	4	35	$158	1	0	120	21
	Cherhill Unit No. 1	no reserves assigned					0	0	0	0
	Edson	property not evaluated					0	0	0	0
	Elmworth	property not evaluated					0	0	0	0
	Genesee	property not evaluated					0	0	0	0
	Karr	property not evaluated					0	0	0	0
	Pembina/Crystal East Unit	1	1	0	1	$5	1	0	1	1
	Westerose South	property not evaluated					0	0	0	0
	Wildmere	property not evaluated					0	0	5	1
TOTAL NON-OPERATED		12	3,326	44	610	$3,369	4	9	978	176
TOTAL OPERATED		311	97,009	1,612	18,091	$63,385	211	512	38,241	7,097
GRAND TOTAL		323	100,335	1,656	18,701	$66,754	215	521	39,219	7,272

MAZEPPA GAS PLANT SE/4-35-19-28W5M

Lexin's 100% owned Mazeppa Gas Plant, which is located 10 km northeast of High River, has an estimated replacement value of $100 million. The sour gas train can be isolated from the sweet side of the plant and each side can run independently, so a prospective purchaser only needs to focus on the specific part of the plant that it is interested in.

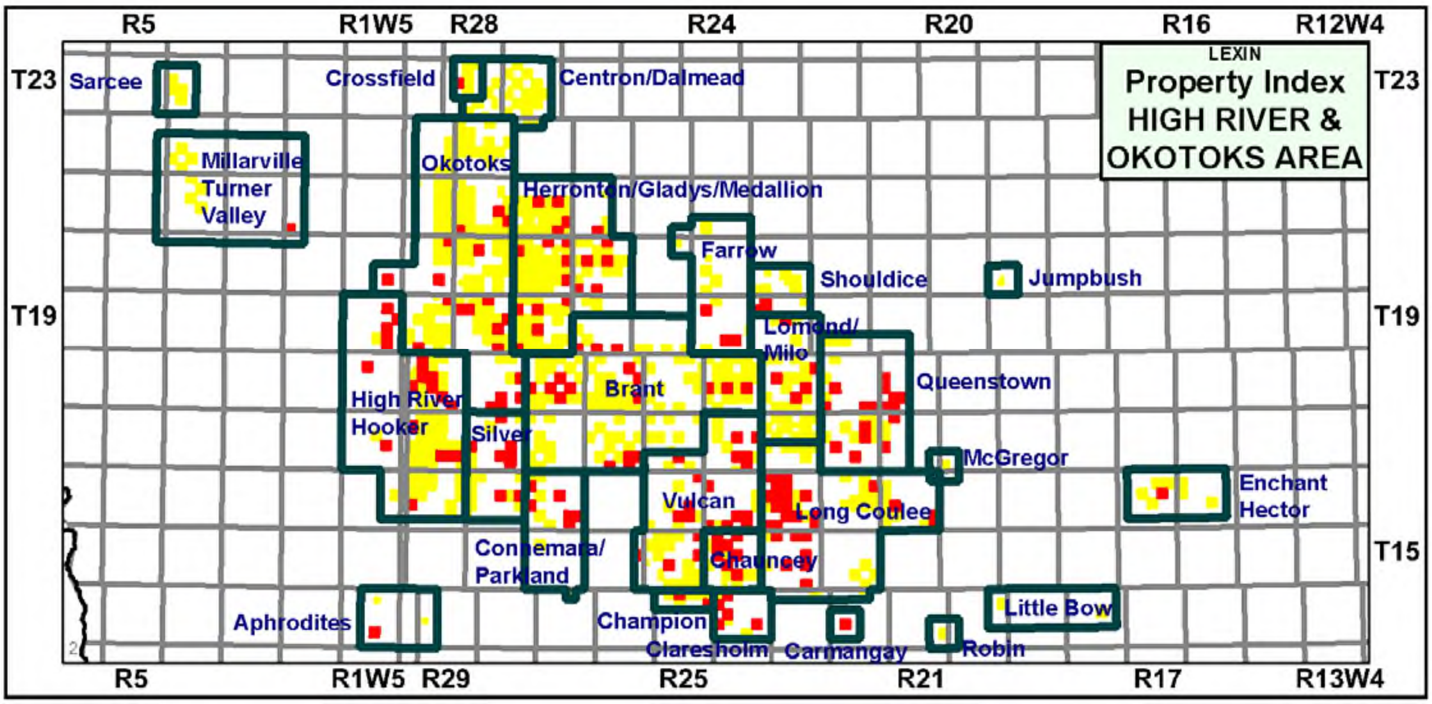
The plant's main equipment consists of inlet separation, compression, dehydration, refrigeration, sulfinol sweetening and elemental sulphur recovery. Technical information relating to the plant is available in the Data Room.

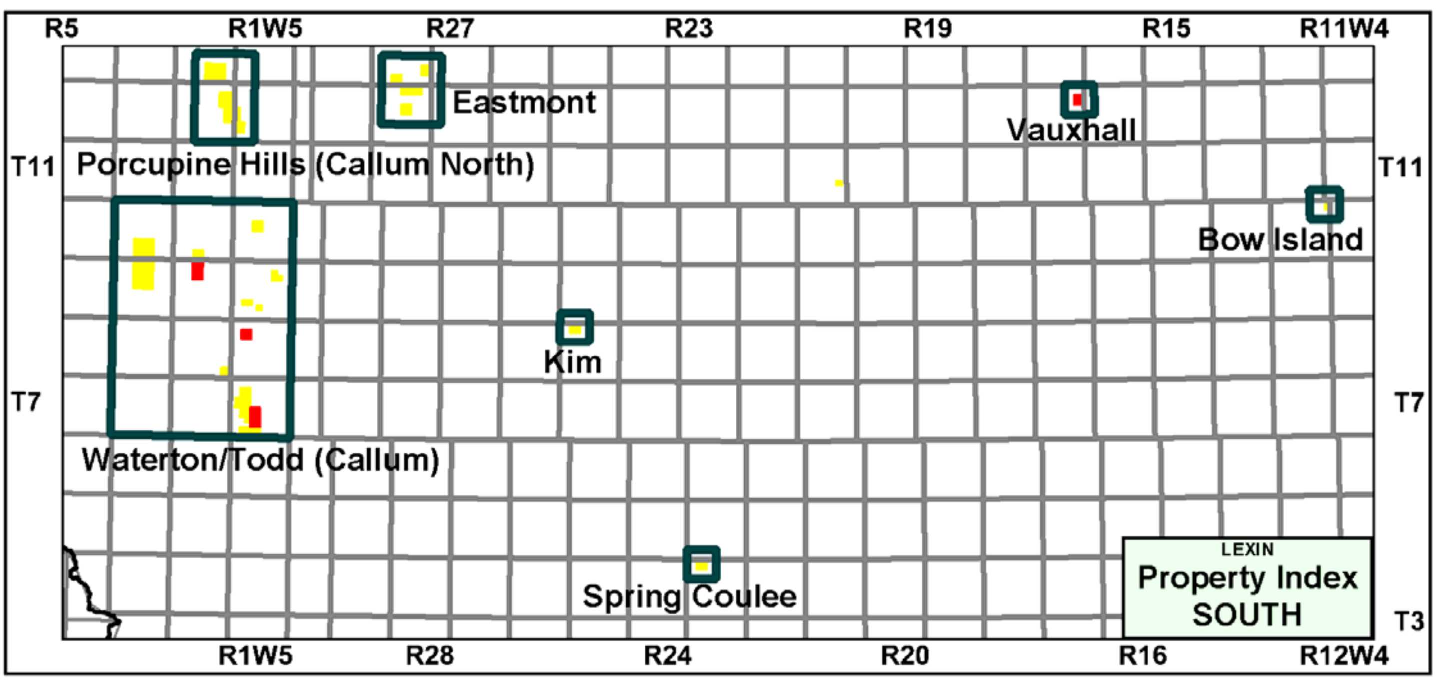


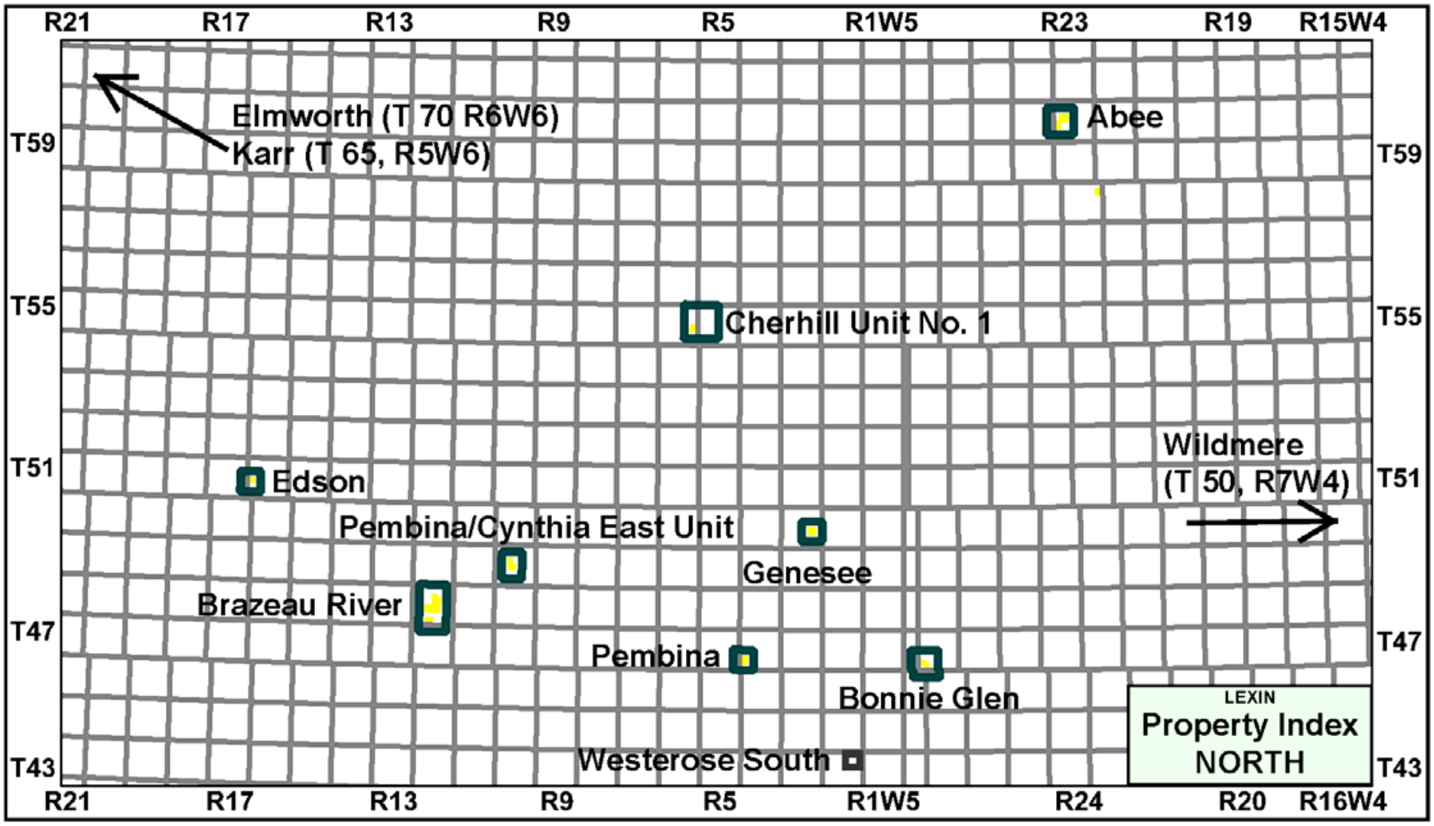
LAND OVERVIEW

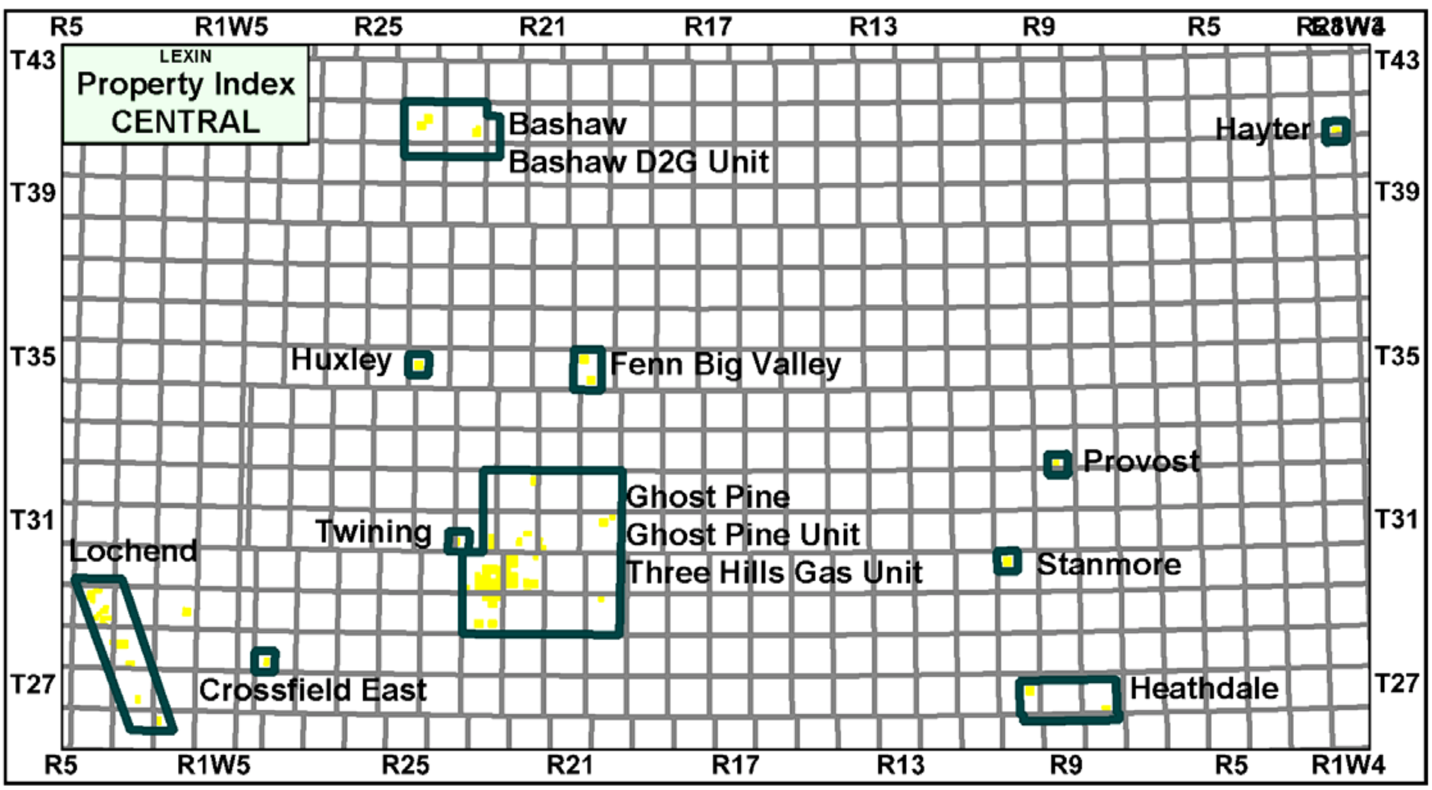
Lexin holds high working interests in and operates a large number of properties, mainly natural gas focused, and mainly concentrated in an area south and east of Calgary, ranging south from the southern limits of the City of Calgary to Claresholm, and bounded to the east by Bow Island and to the west by High River. Details of Lexin's mineral land ownership can be found in two complete 5,744 page Mineral Property Reports (one sorted by property name, one sorted geographically) in the Data Room. Note that most of Lexin's land is encumbered by normal Crown or Freehold royalty, plus a 5% gross overriding royalty.

The following maps show the *approximate* location of each of Lexin's named properties.






R21
R17
R13
R9
R5
R1W5
R23
R19
R15W4
T59
T55
T51
T47
T43
Elmworth (T 70 R6W6)
Karr (T 65, R5W6)
Abee
Cherhill Unit No. 1
Edson
Wildmere
(T 50, R7W4)
Pembina/Cynthia East Unit
Genesee
Brazeau River
Pembina
Bonnie Glen
Westerose South
LEXIN
Property Index
NORTH
R24
R20
R16W4


R5
R1W5
R25
R21
R17
R13
R9
T43
T39
T35
T31
T27
LEXIN
Property Index
CENTRAL
Bashaw
Bashaw D2G Unit
Hayter
Huxley
Fenn Big Valley
Provost
Ghost Pine
Ghost Pine Unit
Three Hills Gas Unit
Twining
Stanmore
Lochend
Crossfield East
Heathdale
R1W4

PROPERTY OVERVIEW

Descriptions of all of the individual properties are available on Sayer's website (www.sayeradvisors.com) and in the Data Room. A brief description of the attributes of Lexin's most significant operated properties follows.

Brant Property — Township 17-19, Range 24-27 W4

Lexin operates a number of wells in the *Brant* area. Prior to being shut-in, Lexin's 174 producing wells were capable of producing a gross total of approximately 2.0 MMcf/d from various shallow, commingled formations.

Centron/Dalemead Property — Township 22-23, Range 27-28 W4

At *Centron/Dalemead*, Lexin operates a number of natural gas wells which are capable of producing natural gas from various formations. Prior to being shut-in, total gross production from Lexin's operated wells at *Centron/Dalemead* averaged in excess of 220 Mcf/d of natural gas.

Connemara/Parkland Property — Township 16, Range 27-28 W4

Nine Lexin-operated wells at *Connemara/Parkland* were capable of producing a total of approximately 210 Mcf/d of natural gas and two barrels of oil per day when they were suspended.

Farrow Property — Township 18-21, Range 24 W4

Lexin operates a small number of natural gas wells and two oil wells in the *Farrow* area. Prior to being shut-in in 2016, Lexin's operated wells were capable of producing a total of approximately 100 Mcf/d of natural gas and two barrels of oil per day.

Ghost Pine/Carbon Property — Township 29-31, Range 22-23 W4

At *Ghost Pine/Carbon*, Lexin has various working interests in a large number of shallow natural gas wells which primarily produce CBM. Prior to being shut-in, Lexin was producing a total of 2.1 MMcf/d of natural gas from its operated natural gas wells in the *Ghost Pine/Carbon* area. In addition to the CBM wells which it operates, Lexin holds a non-operated 5.74% working interest in the Pine Cliff Energy Ltd. operated *Ghost Pine Unit (Gas)*, from which Lexin's net production is currently approximately 780 Mcf/d and 1 bbl/d.

Herronton/Gladys/Medallion Property — Township 19-21, Range 26-27 W4

At *Herronton/Gladys/Medallion*, Lexin has mainly 100% working interests in a large acreage position and in a large number of shallow natural gas wells. Prior to being shut-in, total gross natural gas production from Lexin's operated wells at *Herronton/Gladys/Medallion* averaged approximately 3 MMcf/d of natural gas, along with minor volumes of oil per day.

High River/Hooker Property — Township 16-19, Range 28 W4-1W5

At *High River/Hooker*, Lexin has mainly 100% working interests in approximately 100 Cutbank natural gas wells. Prior to being shut-in, total gross production from Lexin's operated wells at *High River/Hooker* averaged in excess of 11 MMcf/d of natural gas.

Lomond/Milo Property — Township 17-19, Range 23 W4

At *Lomond/Milo*, Lexin has mainly high working interests, along with minor non-operated working interests, in a number of Mannville natural gas wells. Prior to being shut-in, total gross natural gas production from Lexin's operated wells at *Lomond* averaged approximately 675 Mcf/d.

Okotoks Property **Township 18-22, Range 27 W4-1W5**

At *Okotoks*, Lexin has mainly high, operated working interests in a large acreage position on which it has mainly 100% working interests in a number of natural gas wells. Prior to being shut-in, total gross production from Lexin's operated wells at *Okotoks* averaged in excess of 10 MMcf/d of natural gas, along with approximately 80 barrels of natural gas liquids per day.

Porcupine Hills (Callum North) Property **Township 9-13, Range 1-3 W5**

Lexin operates a number of shallow natural gas wells in the *Porcupine Hills/Callum North* area. Prior to being shut-in, the wells were capable of producing a gross total of approximately 725 Mcf/d from the Bearspaw, Pakowki, Belly River, Basal Belly River and Colorado formations.

Queenstown Property **Township 17-19, Range 21-23 W4**

At *Queenstown*, Lexin has various operated and non-operated working interests in a number of shallow and Mannville (Ostracod and Glauconitic) natural gas wells. Prior to being shut-in, total gross production from Lexin's 13 operated producing wells at *Queenstown* averaged in excess of 850 Mcf/d of natural gas, along with approximately three barrels of oil per day.

Shouldice Property **Township 17-20, Range 23 W4**

At *Shouldice*, Lexin has operated working interests in a small number of producing oil and natural gas wells. Prior to being shut-in, total gross production from Lexin's six operated producing wells at *Shouldice* averaged approximately 20 barrels of oil per day and 200 Mcf/d of natural gas.

Silver Property **Township 16-17, Range 28 W4**

Lexin has high, operated working interests in a small number of producing natural gas wells at *Silver*. Prior to being shut-in, total gross production from Lexin's 27 operated producing wells at *Silver* averaged approximately 1.2 MMcf/d of natural gas.

Vulcan/Champion Property **Township 14-17, Range 24-26 W4**

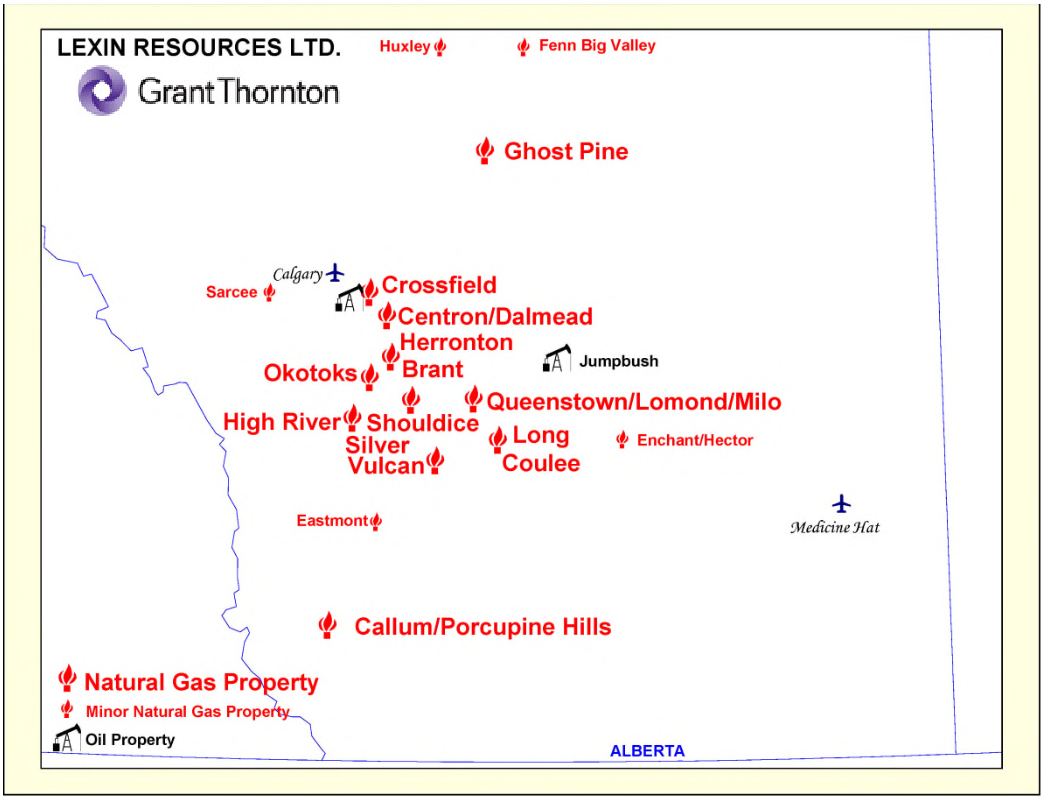
At *Vulcan*, Lexin has working interests of 40%-100%, mainly 100%, in a significant land position on which there are a number of producing and shut-in natural gas wells. Prior to being shut-in, total gross production from Lexin's operated wells at *Vulcan* was approximately 30 barrels of oil per day, mainly from the *Vulcan Basal Mannville I Oil Pool*, and 700 Mcf/d of natural gas.

Waterton/Todd (Callum) Property **Township 7-10, Range 1-3 W5**

Lexin has operated and non-operated working interests of 40%-100% in a number of Belly River and Mannville natural gas wells at *Waterton/Todd (Callum)*. The wells were producing approximately 3.9 MMcf/d prior to being shut-in.

LLR

As Lexin's operated wells have been shut-in for a while, most of the wells have no deemed asset value. As a result, Lexin's LLR as of August 5, 2017 was close to zero, with deemed assets of $1.5 million and deemed liabilities of $88.6 million (Lexin licensed wells only). A complete listing of LLR by well is available in the Data Room.



(MAP SHOWS THE LOCATION OF LEXIN'S MAJOR OPERTED PROPERTIES ONLY)

Parties wishing to receive access to the Data Room with more detailed information relating to this opportunity should execute the Confidentiality Agreement which is available on Sayer Energy Advisors' website (www.sayeradvisors.com) and return one copy to Sayer Energy Advisors by courier, email (tpavic@sayeradvisors.com) or fax (403.266.4467).

Included in the Data Room is the following: summary land information, the GLJ Report, detailed well lists, current LLR information, AER's "Overview of the Purchaser's Requirements", property descriptions and other relevant information. To receive further information on the Properties please contact Tom Pavic, Ben Rye, Jill Switzer or Alan Tambosso at 403.266.6133.

DISCLAIMER The accompanying information and any information obtained from, provided by, or compiled by Grant Thornton Limited acting as Receiver of the Lexin Group, has been prepared solely for the convenience of prospective purchasers and is not warranted to be complete, authentic or accurate.

Any information contained herein has been prepared to assist prospective purchasers with their own evaluation of the assets offered for sale and does not purport to contain all the information that a prospective purchaser may require. Prospective purchasers should conduct their own investigation and analysis of the assets offered for sale and of this information. The Receiver, its agents, officers and assigns, does not make any representation or warranty as to the accuracy, authenticity or completeness of this information and shall have no liability for any representations (expressed or implied) contained therein, or any omissions from, this information or from any other written or oral communications transmitted to prospective purchasers in the course of their evaluation of the assets offered for sale.

The Assets (to be defined within a Purchase and Sale Agreement) shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise with respect to: (i) the quality, condition, fitness, merchantability or serviceability of any of the Assets; (ii) the suitability of their use for any purpose; (iii) compliance with applicable laws or; iv) title. Without restricting the generality of the foregoing, the Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of the Vendor's interest in the Assets and the state and condition thereof and that it has relied solely on such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.

November 24, 2017

Grant Thornton Limited
Suite 900, 833 - 4th Avenue SW
Calgary, Alberta
T2P 3T5

Re: Emission Offset Purchase Agreement (EOPA) Details for Court Approval

Dear Sirs,

At your request, we have prepared this document for inclusion within a future Receiver's Report seeking the Court's approval of the sale transaction outlined herein, on the understanding that a portion of this letter would be included by you only in a Confidential Appendix given the commercially sensitive information contained in this letter regarding both NACX's involvement in the sale of carbon credits generally and the proposed sale transaction.

On August 29, 2017, the North American Climate Exchange ("**NACX"**), met with representatives of Grant Thornton Limited in your capacity as the court-appointed receiver (the "**Receiver**") of Lexin Resources Ltd. ("**Lexin**"), 1051393 BC Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership, (collectively the "**Lexin Group**").

The intent of the meeting was to see if NACX could assist Grant Thornton with the sale of 78,266 tonnes of greenhouse gas emission offset credits ("**GHG Offsets**") that are serialized, registered, and listed on the Alberta Carbon Registry ("**ACR"**) under Compton Petroleum Corporation and MFC Resource Partnership, predecessor entities to some of the entities in the Lexin Group. The GHG Offsets were generated and accrued between 2007 and 2014 by virtue of the Lexin Group's joint venture participation in the ConocoPhillips Vulcan Acid Gas Injection Project and the Bonavista Acid Gas Injection Project at South Rosevear under an approved quantification protocol for acid gas injection projects pursuant to the *Specified Gas Emitter Regulation (Alberta) 139/2007* ("**SGER**") implemented by the Government of Alberta ("**GOA**").

NACX provided the Receiver with an overview of the SGER and made them aware that the GHG Offsets that have been accrued could be monetized by offering them for sale into Alberta's liquid, but small and complex, emissions reduction compliance market ("**GHG Market**"). The Receiver agreed to have NACX assist with brokering the sale of the Lexin Group's GHG Offsets and entered into an engagement agreement on September 29, 2017, with the caveat that any offer to purchase the Lexin Group's GHG Offsets would be conditional upon receiving Court approval.

About NACX

NACX was created in 2007 in response to Alberta's SGER and is focused strictly on spot-market transactions of GHG Offsets and emission performance credits ("**EPCs"**) within the Alberta GHG Market. NACX has an established network of buyers and sellers of GHG Offsets and EPCs within Alberta's GHG Market and has assisted with brokering a number of transactions. The two principals of NACX are:

Carlo Plava, Managing Director

- Over 30 years of diverse expertise in Alberta's GHG emissions, power, and natural gas markets and has extensive business development and energy marketing experience
- Focus on commercial, contractual, technical, and regulatory matters related to emission offsets, project management/development of power generation projects and power/natural gas transmission facilities
- Actively involved with emissions trading industry groups advocating for a market-based approach to meeting emissions reductions targets

John Goetz, Director

- Partner at EnerNext Counsel (formerly head of Dentons Canada's Emissions Trading and Climate Change practice group)
- Recognized as leading climate change and clean-tech lawyer in Canada providing advice on Alberta's SGER bi-lateral over-the-counter offset transactions, project development, and carbon capture and sequestration projects
- Developed the NACX industry approved Transaction Services Agreement for the GHG/EPC emission offsets market

About SGER

Alberta was the first jurisdiction in North America to regulate GHG emissions by setting a price for GHG emission compliance units (also referred to as the "**Alberta Tech Fund"**) and the emission intensity reduction targets for large final emitters ("**LFEs"**). Under the current SGER policy, if the annual net emission intensity of a LFE exceeds 100,000 tonnes of CO2e, they must meet their targeted compliance reduction obligation by any one or a combination of the following options:

- Reducing their baseline source emissions intensity by 20%
- Paying $30.00/tonne of CO2e into Alberta's Tech Fund
- Generating EPCs from their existing facilities by improving the efficiencies of these facilities below the current baseline emission intensity targets that can be used to satisfy their emissions compliance requirements
- Purchasing EPCs generated by other regulated entities that reduce emissions beyond their annual mandatory emission intensity reduction targets
- Purchasing emission offsets from non-regulated entities that voluntarily generate offsets

LFE's are able to purchase an unlimited number of no-risk Alberta Tech Fund compliance units to meet their compliance obligations from the GOA but also have the option to purchase lower cost GHG Offset and EPCs from the Alberta GHG Market. However, GHG Offsets and EPCs are subject to invalidation risk due to the possibility of errors following SGER's protocol procedures and/or changes to protocols that creates some risk for LFEs who use GHG Offsets and EPCs to meet their compliance obligations rather than paying into the Alberta Tech Fund. The possibility of invalidation risk and the effects it has on the GHG Market is discussed more fully below.

For the generation of GHG Offsets, the GOA currently has 32 approved quantification protocols with specific verification procedures that must be followed to create the GHG Offsets, as well as be validated by an independent third party. These protocols are reviewed every 5 years to determine if they are still considered to be additive in the reduction of GHG emissions. If it is determined that the protocol has become widely adopted and considered to be a "business as usual" practice, the protocol can be terminated.

For EPCs, LFEs can generate these by reducing their annual emissions intensity below the current baseline emissions intensity reduction target. LFE's are required to submit annual verification reports of the metered data from all of their regulated facilities to the GOA for validation. Once validated, the GOA will issue the EPCs and are considered to be a "Gold Standard" emission compliance unit since is it validated and issued by the GOA and making it less likely to be invalidated.

Upon satisfying the verification requirements for GHG Offsets and the validation requirements for EPCs, a unique serial number for each GHG Offset and EPC is issued, registered, and publicly listed on the ACR (www.csaregistries.ca/albertacarbonregistries/home.cfm) so it can be tracked from when it is issued to when it is retired for compliance. Notwithstanding verification/validation and registration on the ACR, GHG Offsets and EPCs submitted for compliance are subject to audit as SGER has a 7-year look back provision that allows the GOA to audit all GHG Offsets and EPCs submitted for compliance. Upon completion of the audit if it is determined that the company and/or third-party verifier did not follow the proper protocol procedures and guidelines used to generate the GHG Offsets or EPCs, they can be invalidated.

About Alberta's GHG Market

The following two tables list the historical GHG Offsets and EPCs since the inception of SGER in 2007 that have been available and transacted within Alberta's GHG Market and the GHG Offsets and EPCs that have been revoked/remove due to invalidation after a GOA audit:

Table 1 - Alberta Carbon Registry Historical Summary (2007-September 2017)

Offsets Generated:	44,771,908
Offsets Retired for Compliance:	21,715,466
Offsets Revoked/Removed:	1,074,894
Overall Invalidation Percentage:	2.4%
EPCs Generated:	20,505,210
EPCs Retired for Compliance:	9,490,100
EPCs Revoked/Removed:	7,813
Overall Invalidation Percentage:	0.038%

Table 2 – Historical Summary of Revoked/Removed GHG Offsets and EPCs

Company	Quantification Protocol	GHG Offset Revoked/Removed
ARCADIS Canada Inc.	Tillage System Management	107,037
Baseline Ag. Services Inc.	Tillage System Management	1,124
Capital Power	Landfill Gas Capture and Combustion	25,632
Carbon Credit Solutions Inc.	Tillage System Management	5,573
Carbon Offsetters International Inc.	Energy Efficiency for Commercial and Institutional Buildings	16,051
Carbon Reduction Offset Project	Tillage System Management	5,049
Cargill	Energy Generation From the Combustion of Biomass Waste	21,973
City of Edmonton	Aerobic Composting Projects	70,412
Cleanit Greenit	Aerobic Composting Projects	38,059
Crop Production Services (Canada) Inc.	Tillage System Management	112,855
Emission Credits Corporation	Tillage System Management	620,325
ENMAX Energy Corporation	Wind-Powered Electricity Generation	4,426
Environmental Compliance Incorporated	Energy Efficiency for Commercial and Institutional Buildings	450
Nexen Energy	Wind-Powered Electricity Generation	121
Permolex Ltd.	Biofuel Production and Usage	5,676
Terra Verde Emissions Credits Inc.	Tillage System Management	22,665
TransAlta Renewables	Wind-Powered Electricity Generation	11,187
Trilogy Energy	Acid Gas Injection	5,354
West Fraser Mills Limited	Diversion of Biomass to Energy from Biomass Combustion Facilities	925
	Total	**1,074,894**

Company	EPC Facility	EPCs Revoked/Removed
INEOS Canada Partnership	Joffre LAO Plant	3,804
TransAlta Generation Partnership	West Fraser Mills Limited (Hinton Pulp)	22
TransAlta Generation Partnership	West Fraser Mills Limited (Hinton Pulp)	1,653
West Fraser Mills Limited	West Fraser Mills Limited (Hinton Pulp)	2,305
TransAlta Generation Partnership	West Fraser Mills Limited (Hinton Pulp)	29
	Total	**7,813**

Source: Alberta Carbon Registry (www.csaregistries.ca/albertacarbonregistries/home.cfm)

As per Table 2 above, there has been a relatively small number of invalidated GHG Offsets and EPCs compared to the total number generated. Notwithstanding the relatively small percentage of invalidated GHG offsets and EPCs used for compliance, the market has imposed a significant discount to the Alberta Tech Fund price for these instruments to compensate for the invalidation risk. This invalidation risk discount is somewhat subjective as it is dependent upon a number of factors such as:

a. the protocol the GHG Offsets credit was generated under (i.e. acid gas injection vs. agricultural conservation cropping) and what the perceived invalidation risk may be;
b. the seller's track record for GHG Offsets or EPCs being invalidated;
c. the seller's creditworthiness; and
d. the veracity of the seller's representations and warrantees and the indemnification provided by the seller to compensate the Buyer for any invalidated GHG Offsets or EPCs.

As noted above, to address the invalidation risk for the buyer, the seller provides an indemnity to keep the buyer whole in the event GHG Offsets or EPCs are invalidated after audit.

The invalidation risk is a significant consideration for LFEs due to the fact that if any GHG Offsets or EPCs that have been used to meet their annual compliance are later invalidated by the GOA and the LFE has not met its compliance obligation, under Section 26 of SGER, they are subject to a **penalty of $200/tonne** for each tonne of emissions intensity that exceeds their annual net emissions intensity limit, (http://www.qp.alberta.ca/documents/Regs/2007_139.pdf).

As Table 1 above reflects, there is currently a surplus of approximately 33 million tonnes of GHG Offsets and EPCs listed on the ACR. This is primarily due to the Alberta Tech Fund price transitioning from $15.00/tonne for the 2015 compliance period, to $20.00/tonne for the 2016 compliance period, and now to $30.00/tonne for the 2017 compliance period. As a result, the majority of GHG Offsets and EPCs produced since the implementation of the escalating prices have been banked and LFEs compliance obligations for the 2015 and 2016 compliance periods were met primarily by paying into the Alberta Tech Fund. For the 2017 compliance period, LFEs are more likely to opt for using or purchasing the banked GHG Offsets and EPCs to meet compliance, rather than paying the higher $30.00/tonne Alberta Tech Fund price.

This banking of GHG Offsets and EPCs has also created concerns for the GOA as they are expecting a significant reduction in revenue into the Alberta Tech Fund that has been earmarked for some of their proposed Climate Leadership Plan initiatives (i.e. energy efficiency, LRT Green Line, etc.). In order to address this concern and ensure the continuation of revenue certainty from the Alberta Tech Fund, in March 2017 the GOA arbitrarily proposed the introduction of a 30% maximum usage limit on the use of GHG Offsets for compliance to force LFEs to pay into the Alberta Tech Fund, as well as the possibility of imposing expiry dates on older vintage banked GHG Offsets and EPCs.

This proposed usage limitation and expiry dates for older vintage GHG Offsets and EPCs was not well received because, since the implementation of SGER, GHG Market participants have always had unrestricted compliance instrument flexibility to meet compliance obligations. Since this announcement, participants have been actively lobbying the GOA not to proceed with this proposal. In addition, the GOA is planning to transition from the current SGER model to an output based allocation ("**OBA**") model in January 2018. The details are expected to be released sometime during Q4 2017, but in the meantime, the uncertainty around what the new OBA model will entail and the proposed 30% usage limit has had a dampening effect on the market for GHG Offsets and EPCs, with many participants refusing to trade until the details are known.

Transacting in Alberta's GHG Market

Alberta has historically had a fairly active GHG Offsets and EPC market, but recent regulatory developments noted above have significantly dampened market activity. The market price for GHG Offsets and EPCs is not driven by the same supply/demand fundamentals that primarily drive other commodities markets (i.e. oil, natural gas). Transactions are typically done on a bi-lateral or over-the-counter ("**OTC**") basis, there is little or no price/volume transparency, and price is capped by the Alberta

Tech Fund price. There have been numerous attempts to create a transparent and liquid GHG Offset and EPC market, but it has been hampered by GOA indecision and regulatory uncertainty. In addition, certain large market participants are not proponents of transparency and have been reluctant to participate in transparent transactions. As such, non-transparent bi-lateral transactions have been the primary form of trade for GHG Offsets and EPCs.

Additional details on NACX's specific marketing approach and the transaction details for the sale of the Lexin Group's GHG Offsets are contained on Schedule A. Given the commercially sensitive nature of this information in the event the sale is not approved by the Court or the sale does not close, we understand a Confidential Appendix will be include in a future Receiver's Report seeking the Court's approval of the proposed sale of the Lexin Group's GHG Offsets.

Based on the methodology employed by NACX, as outlined in the information contained in the confidential Schedule A, it is the opinion of NACX that we were able to obtain the highest possible price for the Lexin Group's GHG Offsets in the circumstances, especially taking into consideration the fact that the sale of the Lexin Group's GHG Offset is on an "as-is where-is" basis and do not contain any industry standard representations, warranties, or indemnity regarding the invalidation risk associated with GHG Offsets.

It should also be noted that to the knowledge of NACX and its principals, this is a unique transaction as NACX has not previously facilitated, heard of, or been privy to an "as-is where-is" transaction that did not include representations and warranties in respect to the validity of the GHG Offsets or an indemnity to protect the purchaser for invalidation risk.

Thank you for the opportunity to assist with the sale.

Sincerely,

Carlo Plava, Managing Director
North American Climate Exchange

APPENDIX 8

SCHEDULE A TO NACX LETTER
CONFIDENTIAL – NOT ATTACHED

APPENDIX 9

LEXIN –CONOCO EOPA
CONFIDENTIAL – NOT ATTACHED

In the Matter of the Receivership of
Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership,
LR Processing Ltd., and LR Processing Partnership

Comparison of Actual to Budget - For the period of March 20, 2017 to September 30, 2017

	To September 30, 2017			
	Actual	Budget	Variance (Actual - Budget)	GT comments on material variances
Receipts				
Receiver's borrowings	2,010,000	2,050,000	(40,000)	Balancing item only.
Sale of vehicles	109,700	79,200	30,500	Three (3) additional vehicles were sold.
Return of Equity	40,410	-	40,410	Return of equity on sale of vehicles by prior leasing company.
Sale of seismic data	12,736	12,736	-	
GST collected	3,654	3,654	-	
Cash held at receivership	3,636	3,636	-	
Collection of AR & other refunds	2,158	1,804	354	
Interest earned on cash in trust	841	51	791	
	2,183,137	2,151,082	32,055	
Disbursements				
Receiver fees	668,511	786,793	(118,282)	Actual excludes Receiver fees for September in the amount of $70,210.
Data Management Specialist	234,079	234,079	-	
Receiver's counsel fees and costs	298,571	377,925	(79,354)	Actual excludes legal fees for September in the amount of $14,240.
Utilities and other services	152,014	236,434	(84,420)	Monthly utility and other service costs are estimated at approximately $30,000 (as opposed to $40,000)
Removal and indexing of Records	53,069	53,069	-	
GST on disbursements	82,713	97,657	(14,944)	GST is calculated based on actual vs. budget disbursements subject to GST.
Contract services	85,134	109,125	(23,991)	Due to a delay in obtaining access to the electronic records.
Software licensing and consulting fees	27,825	40,168	(12,343)	Timing difference, as amounts owing to CGI are payable in monthly installments, as opposed to upfront.
Server set-up & ongoing maintenance	29,934	43,738	(13,803)	Actual excludes $5,700 owing to F12 for September services.
Storage costs	21,558	20,322	1,236	
Miscellaneous other expenses	8,696	7,751	944	
Other consulting services	4,461	4,198	263	
Sales Advisor and Commission expense	27,170	41,515	(14,345)	Only the work fee in the amount of $25,000 has been paid; reimbursable expenses are capped at $15,000.
OSB filing & Ascend fees	620	345	275	
Property insurance	26,086	26,000	86	
Interest on Receiver's borrowings	-	43,441	(43,441)	No interest amounts on Receiver's borrowings have been paid.
Site clean-up/preparation for sale	52,203	15,000	37,203	Actual costs for the pond clean-up at Mazeppa Plant were greater than projected.
Liability insurance		-	-	
Equipment lease rentals		-	-	
Property taxes		-	-	
Non-operated prop. expense (JIBs)		-	-	
Mineral lease rentals - Crown		-	-	
Mineral lease rentals - Freehold		-	-	
Surface lease rentals - Crown		-	-	
Surface lease rentals - Freehold		-	-	
	1,772,644	2,137,560	(364,916)	
Receipts less Disbursements	410,493	13,522	396,971	

In the Matter of the Receivership of
Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership,
LR Processing Ltd., and LR Processing Partnership

Receipts and Disbursements - March 20, 2017 to October 30, 2017

Unrestricted Trust Accounts	
Receipts	
Receiver's borrowings	2,010,000
Sale of vehicles	109,700
Equity in leased vehicles	40,410
GST collected	3,654
Cash held at receivership	3,636
Collection of AR & other refunds	2,158
Interest earned on cash in trust	841
	2,170,401
Disbursements	
Receiver fees	738,721
Receiver's counsel fees and costs	312,811
Data Management Specialist	234,079
Utilities and other services	208,303
Contract services	108,115
GST on disbursements	92,287
Removal, indexing and review of Records	53,069
Repairs and maintenance	52,203
Insurance	52,165
Software licensing fees and services	41,642
Server set-up & ongoing maintenance	40,373
Commission expense	27,170
Storage costs	26,576
Miscellaneous other expenses	8,696
Other consulting services	4,198
OSB filing & Ascend fees	620
	2,001,029
Cash in Unrestricted Trust Accounts	**169,372**
Restricted Trust Account	
Receipts	
Funds received from Cargill, net of GST	60,350
Sale of seismic, net of GST	12,736
	73,086
Disbursements	-
Cash in Restricted Trust Account	**73,086**
Total Cash in Trust	**242,458**

In the Matter of the Receivership of
Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership
LR Processing Ltd., and LR Processing Partnership

Summary of Professional Fees - March 20, 2017 to October 31, 2017

	Invoice	Fees	Disburse.	Sub-total	GST	Total
Professional Fees - Receiver						
Rendered, Paid and Approved by the Court						
to March 31, 2017	LABS-1812	140,529.79	-	140,529.79	7,026.49	147,556.28
to April 30, 2017	LABS-1813	164,423.69	3,118.70	167,542.39	8,377.12	175,919.51
Sub-total		304,953.48	3,118.70	308,072.18	15,403.61	323,475.79
Additional Rendered and Paid						
to May 31, 2017	LABS-1833	90,949.46		90,949.46	4,547.47	95,496.93
to June 30, 2017	LABS-1848/1849	108,883.74	-	108,883.74	5,444.19	114,327.93
to July 31, 2017	LABS-1888/1886	72,061.83	-	72,061.83	3,603.09	75,664.92
to August 31, 2017	LABS-1906/1903	91,662.62	-	91,662.62	4,583.13	96,245.75
to September 30, 2017	LABS-1937	70,209.66	-	70,209.66	3,510.48	73,720.14
Sub-total		433,767.31	-	433,767.31	21,688.37	455,455.68
Additional Rendered and Unpaid						
to Oct 31, 2017	LABS-1969	118,044.00		118,044.00	5,902.20	123,946.20
Additional rendered - sub-toal		551,811.31	-	551,811.31	27,590.57	579,401.88
Total Receiver Fees		**856,764.79**	**3,118.70**	**859,883.49**	**42,994.17**	**902,877.66**
Professional Fees - Receiver's legal counsel						
Rendered, Paid and Approved by the Court						
to March 28, 2017	697444871	56,047.00	1,449.05	57,496.05	2,874.31	60,370.36
to March 31, 2017	697450443	27,880.00	2,121.01	30,001.01	1,496.50	31,497.51
to April 30, 2017	697462348	83,181.50	3,285.45	86,466.95	4,323.01	90,789.96
Sub-total		167,108.50	6,855.51	173,964.01	8,693.82	182,657.83
Additional Rendered and Paid						
to May 31, 2017	697472475	69,595.50	2,365.46	71,960.96	3,580.88	75,541.84
to June 30, 2017	697482372	26,625.50	2,506.46	29,131.96	1,395.55	30,527.51
to July 31, 2017	697488400	22,772.50	741.44	23,513.94	1,172.51	24,686.45
to August 31, 2017	697502069	13,978.00	261.96	14,239.96	712.00	14,951.96
Sub-total		132,971.50	5,875.32	138,846.82	6,860.94	145,707.76
Additional Rendered and Unpaid						
to Sept 30, 2017	697511744	30,257.50	276.47	30,533.97	1,524.96	32,058.93
to Oct 31, 2017	697516831	90,752.50	5,784.40	96,536.90	4,823.11	101,360.01
Sub-total		121,010.00	6,060.87	127,070.87	6,348.07	133,418.94
Additional rendered - sub-toal		253,981.50	11,936.19	265,917.69	13,209.01	279,126.70
Total Legal Fees		**421,090.00**	**18,791.70**	**439,881.70**	**21,902.83**	**461,784.53**
Total Professional Fees		**$ 1,277,854.79**	**$ 21,910.40**	**$ 1,299,765.19**	**$ 64,897.00**	**$ 1,364,662.19**

APPENDIX 13

In the Matter of the Receivership of
Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership,
LR Processing Ltd., and LR Processing Partnership

Projected Receipts and Disbursements - to February 28, 2018 (excluding funds held in the Restricted Trust Account)

		Actual	Projected					
	Notes	**to October 30, 2017**	**November, 2017**	**December, 2017**	**January, 2018**	**February, 2018**	**Sub-total**	**Total**
Receipts								
Receiver's borrowings	*1*	2,010,000		180,000	180,000	230,000	590,000	2,600,000
Sale of vehicles	*2*	109,700					-	109,700
Equity in leased vehicles		40,410					-	40,410
GST collected		3,654					-	3,654
Cash held at receivership		3,636					-	3,636
Collection of AR & other refunds	*3*	2,158		300,000	40,000	40,000	380,000	382,158
Interest earned on cash in trust		841					-	841
Sale of carbon credits	*4*						-	-
		2,170,401	-	480,000	220,000	270,000	970,000	3,139,559
Disbursements								
Receiver fees	*5*	738,721	118,000	70,000	55,000	55,000	298,000	1,036,721
Receiver's counsel fees and costs	*5*	312,811	121,000	60,000	40,000	40,000	261,000	573,811
Data Management Specialist	*6*	234,079					-	234,079
Utilities and other services	*7*	208,303	30,000	30,000	30,000	30,000	120,000	328,303
Contract services	*8*	108,115	20,000	30,000	30,000	40,000	120,000	228,115
GST on disbursements	*9*	92,287	16,865	14,524	9,235	10,614	51,238	143,525
Removal, indexing and review of Records		53,069					-	53,069
Repairs and maintenance	*10*	52,203					-	52,203
Insurance	*11*	52,165				26,079	26,079	78,244
Software licensing fees and services	*12*	41,642	24,000	1,000	1,000	1,000	27,000	68,642
Server set-up & ongoing maintenance	*13*	40,373	7,300	5,700	5,700	5,700	24,400	64,773
Commission expense	*14*	27,170		75,000			75,000	102,170
Storage costs	*15*	26,576	7,000	5,500	5,500	7,000	25,000	51,576
Miscellaneous other expenses	*16*	8,696		3,000			3,000	11,696
Other consulting services		4,198					-	4,198
OSB filing & Ascend fees	*17*	620		280			280	900
Office rent for due diligence purposes	*18*				7,500	7,500	15,000	15,000
Bankruptcy funding costs	*19*	-	10,000	10,000	10,000		30,000	30,000
Interest on Receiver's borrowings	*20*	-	12,898	12,898	14,053	15,208	55,055	55,055
Equipment lease rentals	*21*	-					-	-
Property taxes	*21*	-					-	-
Non-operated prop. expense (JIBs)	*21*	-					-	-
Mineral lease rentals - Crown	*21*	-					-	-
Mineral lease rentals - Freehold	*21*	-					-	-
Surface lease rentals - Crown	*21*	-					-	-
Surface lease rentals - Freehold	*21*	-					-	-
		2,001,029	367,063	317,902	207,988	238,100	1,131,052	3,132,081
Receipts less Disbursements		**169,372**	**(367,063)**	**162,099**	**12,013**	**31,900**	**(161,052)**	**7,479**

Notes on projections

1 Reconciling figure, which does not include any prospective repayment arising from proceeds of potential sale of Carbon Credits per 4 below.
2 Assumed to be nil pending the Receiver's further investigation into various matters
3 Assumed to be nil pending the Receiver's continued efforts to investigate and collect on potential amounts owing, with the exception of anticipated receipt of $300,000 from Pine Cliff for pre and post-receivership AR, plus $40,000/month thereafter for estimated monthly net profits
4 Not disclosed, in order to not prejudice a future sale in the event the Court does approve or the proposed sale does not close
5 Actual fees and preliminary estimates (November contains October actual for Receiver and September and October actuals for legal counsel)
6 Assumed at this time that there are no further costs related to the DPO
7 Inclusive of electricity, telephone (emergency line) and line locating service providers
8 Projected providers of land, accounting and other services, taking into account extra costs required for due diligence purposes
9 Calculated based on 5% of applicable items and assuming for conservative purposes that there will be no refund of ITC's during the projected period
10 The Receiver does not anticipate any repair or maintenance work during the dryer fall and winter period
11 Based on the final installment for annual policy payable in February
12 Monthly estimate for CGI and P2 service providers, and a lump sum instalment payment to GLJ and IHS Global (AccuMap) in November
13 Outstanding and projected to F12 for ongoing server use and general maintenance
14 Amount payable to Sayers from engagement letter terms; commission on sale of carbon credits is not disclosed for reasons outlined in Note 4 above
15 Per Calgary Archives ("CA") and Westkey Storage, rounded, plus an estimate for the delivery of records by CA to office location for due diligence purposes
16 Preliminary estimate for third party mail out services related to the Receiver's revised notice
17 Additional fees payable to the Office of Superintendent of Bankruptcy
18 Based on preliminary estimates of office rent required for Sales Process due diligence purposes
19 Based on preliminary estimates of bankruptcy costs, including trustee fees, third party mail out, and other bankruptcy related costs
20 Based on 7.7% of outstanding amounts in arrears

> Receiver Certificates - cumulative		2,010,000	2,010,000	2,190,000	2,370,000	2,420,000
> Interest @	*7.7%*		12,898	12,898	14,053	15,208

21 Unknown, pending further efforts required to determine quantum of items