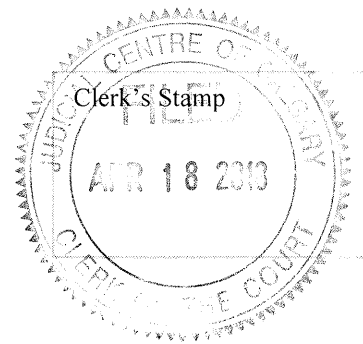


COURT FILE NUMBER **1701-03460**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF **ALBERTA ENERGY REGULATOR**
DEFENDANT **LEXIN RESOURCES LTD., 1051393 B.C. LTD., 0989
RESOURCE PARTNERSHIP, LR PROCESSING LTD.
and LR PROCESSING PARTNERSHIP**
DOCUMENT **SALE APPROVAL & VESTING ORDER**



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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File No. 547730/000021

I hereby certify this to be a true copy of
the original order
Dated this 18 day of April 2018
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: April 18, 2018

NAME OF JUSTICE WHO MADE THE ORDER: The Honourable Justice B.E. Romaine

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Grant Thornton Limited, in its capacity as the court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Lexin Resources Ltd. (formerly MFC Energy Corporation, formerly Compton Petroleum Corporation), 1051393 B.C. Ltd., 0989 Resource Partnership (formerly MFC Resource Partnership, formerly Compton Resource Partnership), LR Processing Ltd. and LR Processing Partnership (collectively the “**Debtors**”) for an Order approving the sale transaction (the “**Transaction**”) contemplated by the Purchase and Sale Agreement (the “**PSA**”) between the Receiver as vendor (the “**Vendor**”) on behalf of the Debtors, and Davilin Energy Corp. (the “**Purchaser**”), made as of March 28, 2018, a redacted copy of which is appended to the Seventh Report of the Receiver dated April 9, 2018 (the “**Seventh Report**”), and unredacted excerpts of which are appended as a Confidential Appendix to the Seventh Report (the “**Confidential Appendix**”); **AND UPON** having read the Application, the Seventh Report and the Confidential Appendix, the Affidavit of Service of Stella Kim dated 17, 2018,

filed (the “**Service Affidavit**”), and the pleadings and proceedings filed herein, including the Receivership Order granted on March 20, 2017 and the Expanded Receivership Order granted on June 13, 2017 (together the “**Receivership Orders**”), the Sixth Report of the Receiver dated November 27, 2017 and the Confidential Supplement to the Fifth Report of the Receiver dated October 18, 2017; **AND UPON** hearing counsel for the Receiver, the Alberta Energy Regulator, and any other interested party appearing at the Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of notice of this Application is abridged to the time actually given and service of the Application and supporting material as described in the Service Affidavit is hereby declared to be good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

Capitalized Terms

2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the PSA.

Approval of the PSA and the Transaction

3. The Transaction and the PSA are commercially reasonable and in the best interests of the Debtors and their stakeholders. The Transaction is hereby approved and the execution of the PSA by the Receiver is hereby ratified and approved, and the Receiver is authorized and directed to take such additional steps and execute such additional documents and make such minor amendments to the PSA as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

Vesting of Property

4. Upon the delivery of a Receiver's Certificate to the Purchaser (or its nominee), substantially in the form attached as **Schedule “A”** hereto (the “**Receiver’s Certificate**”), all of the Debtors’ right, title and interest in and to the Purchased Assets as described in the PSA including those listed on **Schedule “B”** hereto shall vest absolutely in the Purchaser (or its nominee), as contemplated by the PSA, free and clear of and from any and all security interests (whether contractual, statutory, registered or otherwise), hypothecs, caveats, interests, mortgages, trusts or deemed trusts (whether

contractual, statutory, or otherwise), liens (whether contractual, statutory, or otherwise), encumbrances, executions, levies, charges (whether contractual, statutory, or otherwise), or other financial or monetary claims, assignments, actions, taxes (whether contractual, statutory, or otherwise), judgments, writs of execution, options, agreements, disputes, debts, debentures, easements, covenants, encumbrances or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the Debtors, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, registered or otherwise and whether by payment, set off or otherwise, whether liquidated, unliquidated or contingent (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- a) any encumbrances or charges created by the Receivership Orders;
- b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) (the "**PPSA**"), or any other personal property registry system;
- c) those Claims listed on **Part A - Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**"), which term shall not include the permitted encumbrances, caveats, interests, easements and restrictive covenants listed on **Part B - Schedule "C"** (the "**Permitted Encumbrances**"); and
- d) any Claims associated with the Permitted Encumbrances prior to the Effective Date;

and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets and all charges, security interests or Claims evidenced by registrations pursuant to the PPSA or otherwise, are hereby expunged, ordered removed and otherwise unconditionally discharged and terminated as against the Purchased Assets.

5. Upon delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the appropriate government authorities are hereby authorized, requested and directed to accept delivery of such Receiver's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges, discharge statements of conveyances, as may be required to convey clear title to the Purchased Assets to the Purchaser subject only to the Permitted Encumbrances. Without limiting the foregoing, the Registrar of the Personal Property Registry (Alberta) (the "**AB**

PPR Registrar”) shall and is hereby directed to cancel and discharge those Claims and Encumbrances, if any, other than the Permitted Encumbrances, registered against the estate or interest of the Debtor in and to the Purchased Assets.

6. The AB PPR Registrar is expressly authorized and directed to include in the discharges of the Encumbrances described above, all encumbrances registered after the date the Receivership Orders were respectively granted.
7. In order to effect the discharges and transfers described above, this Court directs the AB PPR Registrar to take such steps as are necessary to give effect to the terms of this Order and the PSA authorized herein. Presentment of this Order and the Receiver’s Certificate shall be the sole and sufficient authority of the AB PPR Registrar to make and register the said transfers and cancel and discharge the registrations of any Claims and Encumbrances against the Purchased Assets.
8. The Receiver is hereby authorized and directed to take all necessary steps and execute any and all documents to effect any and all discharges and the registrars and all other persons in control or otherwise supervising such offices of registration or recording shall forthwith remove and discharge all such registrations.
9. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets and from and after the delivery of the Receiver’s Certificate any encumbrances or charges created by the Receivership Orders and all Claims and Encumbrances shall not attach to and shall cease to be attached to, encumber or otherwise form a charge, security interest, lien, builders’ lien, or a Claim against the Purchased Assets and shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The Receiver shall not make any distributions to creditors from the net proceeds from the sale of the Purchased Assets without further order of this Court.
10. Except as provided for in the PSA, the Purchaser (or its nominee) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Vendor or the Debtors and the Purchaser (or its nominee) shall not be deemed a successor or assignee of or to the Debtors or any of their affiliates for any Claims of any kind or nature whatsoever against the Debtors or any of their affiliates or in the Purchased Assets.

11. Upon completion of the Transaction, the Debtors and all persons who claim by, through or under the Debtors in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or Claim in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
12. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit, without any interference of or by the Debtors or any person claiming by, through or against the Debtors.
13. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver, Vendor, or the Debtors.
14. The Receiver is directed to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).

Sealing Order

15. Compliance with Division 4 of the *Rules of Court*, Alta Reg 124/2010 is hereby waived.
16. The Confidential Appendix shall be sealed on the Court file, kept confidential and not form part of the public record. The Clerk of the Court shall file the Confidential Report in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS THE CONFIDENTIAL APPENDIX TO THE RECEIVER'S SEVENTH REPORT, DATED APRIL 9, 2018, FILED IN COURT FILE NO. 1701-03460, WHICH SHALL BE SEALED FOR A PERIOD OF THREE (3) MONTHS FOLLOWING CLOSING OF THE TRANSACTION, PURSUANT TO AN ORDER ISSUED BY THE HONOURABLE JUSTICE B.E. ROMAINE ON APRIL 18, 2018, AND IS NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICLY ACCESSIBLE.

17. The Receiver is empowered and authorized, but not directed, to provide the Confidential Appendix (or any portion thereof, or information contained therein) to any interested party, entity or person that the Receiver considers reasonable in the circumstances, subject to confidentiality arrangements satisfactory to the Receiver.
18. Leave is hereby granted to any person or party affected by this Order to apply to this Honourable Court for a further order modifying or varying the terms of this Order, with such Application to be brought on no less than 7 days' notice to the Receiver and any other affected party pursuant to the Alberta Rules of Court.

Miscellaneous Matters

19. Notwithstanding:
 - a) the pendency of these proceedings and the declaration of insolvency made herein;
 - b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), in respect of the Debtors, and any bankruptcy order issued pursuant to any such applications;
 - c) any assignment in bankruptcy made in respect of the Debtors; and
 - d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

20. The Receiver, the Purchaser (or its nominee) and any other interested party shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

21. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
22. Service of this Order shall be deemed good and sufficient by serving the same on:
- a) the persons listed on the service list (attached as Schedule "A" to the Application); and
 - b) by posting a copy of this Order on the Receiver's website at: www.grantthornton.ca/lexin
23. No other persons are entitle to be served with a copy of this Order.
24. Service of this Order shall be deemed good and sufficient regardless of whether service is effected by PDF copy attached to email, facsimile, courier, personal deliver or ordinary mail.

" Justice Romaine "
Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

Receiver's Certificate

COURT FILE NUMBER	1701-03460
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ALBERTA ENERGY REGULATOR
DEFENDANT	LEXIN RESOURCES LTD., 1051393 B.C. LTD., 0989 RESOURCE PARTNERSHIP, LR PROCESSING LTD. and LR PROCESSING PARTNERSHIP
DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>

ADDRESS FOR SERVICE AND	Robyn Gurofsky
CONTACT INFORMATION OF	Borden Ladner Gervais LLP
PARTY FILING THIS	1900, 520 3 rd Ave. S.W.
DOCUMENT	Calgary, AB T2P 0R3
	Telephone: (403) 232-9774
	Facsimile: (403) 266-1395
	Email: rgurofsky@blg.com
	File No. 547730/000021

RECITALS:

A. Pursuant to an Order of the Honourable Justice P.R. Jeffrey of the Court of Queen's Bench of Alberta (the "**Court**") dated March 20, 2017, Grant Thornton Limited was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Lexin Resources Ltd. ("**Lexin**").

B. Pursuant to an Order of the Honourable Justice K.M. Eidsvik of the Court dated June 13, 2017, the Receiver was appointed receiver of the undertaking, property and assets of 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership (collectively with Lexin, the "**Debtors**").

C. Pursuant to an Order of the Honourable B.E. Romaine dated April 18, 2018, the Court approved the agreement of purchase and sale (the "**Sale Agreement**") made between the Receiver and Davilin Energy Corp. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Assets as defined in the Sale Agreement, which vesting is to be effective upon the delivery by the Receiver to the Purchaser of a certificate confirming:

- (i) the payment by the Purchaser of the Purchase Price for the Assets; and
- (ii) the Transaction contemplated pursuant to the Sale Agreement has been completed to the satisfaction of the Receiver, subject only to the post-closing obligations provided for in the Sale Agreement.

D. Unless otherwise indicated herein, capitalized terms not otherwise defined have the meaning attributed to them in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Assets, payable at Closing pursuant to the Sale Agreement;
2. Any conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and/or the Purchaser where applicable; and
3. The Transaction contemplated by the Sale Agreement has been completed, subject to the post-closing obligations provided for therein.

This Certificate was delivered by the Receiver at Calgary, Alberta on _____, 2018.

GRANT THORNTON LIMITED in its capacity as court appointed receiver of the assets, undertakings and properties of LEXIN RESOURCES LIMITED, 1051393 B.C. LTD., 0989 RESOURCE PARTNERSHIP, LR PROCESSING LTD. and LR PROCESSING PARTNERSHIP, and not in its personal or corporate capacity.

Per: _____
Andrew Basi, CPA, CA, CIRP, LIT
Senior Vice President

SCHEDULE "B"
PURCHASED ASSETS

5.7365278% Working Interest Ownership held by 0989 Resource Partnership in the Ghost Pine Unit including all applicable lands, petroleum and natural gas rights, wells, facilities and pipelines related thereto

SCHEDULE “C”

PART A – (Non-Permitted) Encumbrances

NIL

PART B – Permitted Encumbrances

1. Those Permitted Encumbrances as defined in Section 1.1(II) of the PSA;
2. Sliding scale Crown Royalty payable on all Vendor interests;
3. 5% Gross Over-Riding Royalty payable to Caledonian Royalty Corporation on all Vendor interests;
4. 3% Gross Over-Riding Royalty payable to Pine Cliff Energy Ltd. on Vendor Contract C00320;
5. 1.25% Gross Over-Riding Royalty payable to Lintus Resources Ltd. on Vendor Contract C0032;
6. ROFR in favour of Pine Cliff Energy Ltd. on Vendor Contract C00324.