

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 AND VESTING  
ORDER**

**(Sale by Receiver to Long Term Asset  
Management Inc.)**

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 11 day of July 19  
[Signature]  
for Clerk of the Court

**DATE ON WHICH ORDER WAS PRONOUNCED: July 11, 2019**

**LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA**

**NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice B.E.C. Romaine**

**UPON THE APPLICATION** by Grant Thornton Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership (collectively, the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and LONG TERM ASSET MANAGEMENT INC. (the "**Purchaser**") dated June 12, 2019 and appended to the Fourteenth Report of

the Receiver dated June 28, 2019 (the “**Report**”), and vesting in the Purchaser (or its nominee) the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”);

**AND UPON HAVING READ** the Receivership Order dated March 20, 2017 (the “**Receivership Order**”), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser and any other counsel or party appearing at the hearing of this Application;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

**APPROVAL OF TRANSACTIONS**

2. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee), including but not limited to the authorization and empowerment to initiate the transfer of licenses subject to the Transaction on the Alberta Energy Regulator’s (“**Energy Regulator**”) Digital Data Submission system to the Purchaser (or its nominee).

**VESTING OF PROPERTY**

3. Subject only to approval by the Energy Regulator of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the Oil and Gas Conservation Act (Alberta) and section 18 of the Pipeline Act (Alberta), upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “**Receiver's Closing Certificate**”), all of the Debtor’s right, title and interest in and to the Purchased Assets listed in **Schedule “B”** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts

or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “**Claims**”) including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and
- (d) those Claims listed in **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 in **Schedule “D”** (collectively, “**Permitted Encumbrances**”)),

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Receiver’s Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, “**Governmental Authorities**”) are hereby authorized, requested and directed to accept delivery of such Receiver’s Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- a. the Registrar of Land Titles (“**Land Titles Registrar**”) for the lands defined below shall and is hereby authorized, requested and directed to forthwith:
  - i. transfer the existing instruments listed in **Schedule “D”**, to this Order to the Purchaser; and
  - ii. discharge and expunge the Encumbrances listed in **Schedule “C”** to this Order and discharge and expunge any Claims including Encumbrances (but excluding

Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;

- b. Alberta Energy (“**Energy Ministry**”) shall and is hereby authorized, requested and directed to forthwith:
    - i. cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the Bank Act (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and
    - ii. transfer all Crown leases listed in **Schedule “E”** to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;
  - c. the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.
5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver’s Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of instruments or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
  6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the

due execution, delivery and performance by the Receiver of the Sale Agreement, other than any required approval by the Energy Regulator referenced in paragraph 3 above.

7. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the Land Titles Act, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
8. For the purposes of determining the nature and priority of Claims, net proceeds from 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 from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from 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. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.
9. Except as expressly provided for in the Sale Agreement or by section 5 of the Alberta Employment Standards Code, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.
10. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor 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 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 other Claim whatsoever 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).

11. 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 Debtor, or any person claiming by, through or against the Debtor.
12. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
13. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
14. Pursuant to clause 7(3)(c) of the Personal Information Protection and Electronic Documents Act (Canada) and section 20(e) of the Alberta Personal Information Protection Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which

is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

## MISCELLANEOUS MATTERS

### 15. Notwithstanding:

- (a) the pendency of these proceedings and any 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 Debtor, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Debtor; 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 Debtor and shall not be void or voidable by creditors of the Debtor, 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.

- 16. 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.
- 17. 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 or in any foreign jurisdiction, 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.

18. Service of this Order shall be deemed good and sufficient by:

(a) Serving the same on:

- (i) the persons listed on the service list created in these proceedings;
- (ii) any other person served with notice of the application for this Order;
- (iii) any other parties attending or represented at the application for this Order;
- (iv) the Purchaser or the Purchaser's solicitors; and

(b) Posting a copy of this Order on the Receiver's website at: [www.grantthornton.ca/lexin](http://www.grantthornton.ca/lexin)

and service on any other person is hereby dispensed with.

19. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

" Justice Romaine "  
J.C.C.Q.B.A.

## Schedule "A"

## Form of 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 |

Clerk's Stamp

|          |                        |
|----------|------------------------|
| DOCUMENT | RECEIVER'S CERTIFICATE |
|----------|------------------------|

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

## RECITALS

- A. Pursuant to an Order of the Honourable Justice P. Jeffrey of the Court of Queen's Bench of Alberta, Judicial District of Calgary (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., 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd., and LR Processing Partnership (the "**Debtor**").
- B. Pursuant to an Order of the Court dated July 11, 2019 the Court approved the agreement of purchase and sale made as of June 12, 2019 (the "**Sale Agreement**") between the Receiver and LONG TERM ASSET MANAGMENT INC. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is

to be effective with respect to the Purchased Assets 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 Purchased Assets; (ii) that the conditions to Closing as set out in Article 3 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 3 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

**Grant Thornton Limited, in its capacity as Receiver of the undertaking, property and assets of Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd., and LR Processing Partnership, and not in its personal capacity.**

**Per;** \_\_\_\_\_

—

**Name:**

**Title:**

## Schedule "B"

## Purchased Assets

1. Lands, Petroleum and Natural Gas Rights, Title Documents, Royalties and Permitted Encumbrances

| Vendor File # | Title Document                                                                                                   | Legal Description             | Zones                      | Vendor Interest | Encumbrances                                                                                                                                                                                                                                                                                                 |
|---------------|------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| M08853        | Crown P&NG 0400050044 dated May 4, 2000                                                                          | Twp 15 Rge 25 W4M: Section 28 | All P&NG to Base Mannville | 50%             | CSS<br>NCGOR to ExxonMobil Canada Energy (Sliding Scale 5% on oil and 10% on natural gas paid on 100% of production and paid by 6058931 Canada Ltd. 50% and Lexin Resources Ltd. 50%)<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100% |
| M06861        | Freehold Natural Gas Lease - Mary Ann Grinde, Donald J. Hoyer, Thomas M. Hoyer (as to an undivided 1/5 interest) | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville       | 72.0001%        | 15% LESSOR paid on 100% of production to MaryAnne Grinde 33.34%, Heidi H. Toale 33.33% and Thomas M. Hoyer 33.33% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%    |
| M06862        | Freehold Natural Gas Lease - Lawrence Kramer (as to an undivided 3/10 interest)                                  | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville       | 72.0001%        | 15% LESSOR paid on 100% of production to Lawrence Kramer 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                                                        |
| M06863        | Freehold Natural Gas Lease - Margaret Wendt (as to an undivided 1/15 interest)                                   | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville       | 72.0001%        | 15% LESSOR paid on 100% of production to AJJ Investments 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                                                        |
|               |                                                                                                                  |                               |                            |                 |                                                                                                                                                                                                                                                                                                              |

|        |                                                                                   |                               |                      |          |                                                                                                                                                                                                                                                                           |
|--------|-----------------------------------------------------------------------------------|-------------------------------|----------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| M06864 | Freehold Natural Gas Lease - Donna Greenig (as to an undivided 1/15 interest)     | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville | 72.0001% | 15% LESSOR paid on 100% of production to Donna Greenig 50% and Dody Arrendale 50% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100% |
| M06866 | Freehold Natural Gas Lease - P & M Kidder (as to an undivided 1/15 interest)      | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville | 72.0001% | 15% LESSOR paid on 100% of production to P&M Kidder 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                          |
| M06848 | Freehold Natural Gas Lease - V.A. Petersen (as to an undivided 1/15 interest)     | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville | 72.0001% | 15% LESSOR paid on 100% of production to Petersen et al 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                      |
| M06855 | Freehold Natural Gas Lease - J & M Kidder (as to an undivided 1/15 interest)      | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville | 72.0001% | 15% LESSOR paid on 100% of production to J&M Kidder 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                          |
| M06865 | Freehold Natural Gas Lease - Christobel Rhoads (as to an undivided 1/10 interest) | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville | 72.0001% | 15% LESSOR paid on 100% of production to Christobel Rhoads 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                   |
|        |                                                                                   |                               |                      |          |                                                                                                                                                                                                                                                                           |

|        |                                                                              |                               |                            |          |                                                                                                                                                                                                                                                                                                              |
|--------|------------------------------------------------------------------------------|-------------------------------|----------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| M06369 | Freehold Natural Gas Lease - Guy Macomber (as to an undivided 1/15 interest) | Twp 15 Rge 25 W4M: Section 33 | NG to Base Mannville       | 72.0001% | 17% LESSOR paid on 100% of production to Guy D. Macomber 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                                                        |
| M06369 | Freehold Natural Gas Lease - Guy Macomber (as to an undivided 1/15 interest) | Twp 15 Rge 25 W4M: Section 33 | NG Below Base Mannville    | 100%     | 17% LESSOR paid on 100% of production to Guy D. Macomber 100% and paid by 6058931 Canada Ltd. 30% and Lexin Resources Ltd. 70%<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                                                        |
| M08855 | Crown P&NG 0400050048 dated May 4, 2000                                      | Twp 15 Rge 25 W4M: Section 34 | All P&NG to Base Mannville | 50%      | CSS<br>NCGOR to ExxonMobil Canada Energy (Sliding Scale 5% on oil and 10% on natural gas paid on 100% of production and paid by 6058931 Canada Ltd. 50% and Lexin Resources Ltd. 50%)<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100% |
| M08864 | Crown P&NG 0405120388 dated December 15, 2005                                | Twp 16 Rge 25 W4M: Section 6  | All P&NG to Base Mannville | 50%      | CSS<br>NCGOR 5% Caledonian Royalty Corporation paid on Lexin's working interest share of production and paid by Lexin 100%                                                                                                                                                                                   |

## 2. Wells, Pipelines and Facilities

| WELLS                     | LICENCE | SURFACE LOCATION | STATUS   | LEXIN WI        |
|---------------------------|---------|------------------|----------|-----------------|
| 100 / 14-28-015-25 W4 / 0 | 0335770 | 14-28-015-25W4M  | GAS FLOW | 50%             |
| 102 / 14-28-015-25 W4 / 0 | 0348415 | 14-28-015-25W4M  | DRL&C    | 50%             |
| 100 / 10-33-015-25 W4 / 0 | 0358667 | 10-33-015-25W4M  | GAS FLOW | 72.0001% Pooled |

|                           |         |                 |          |     |
|---------------------------|---------|-----------------|----------|-----|
| 100 / 06-34-015-25 W4 / 0 | 0337243 | 06-34-015-25W4M | GAS FLOW | 50% |
| 100/05-06-016-25W4/0      | 351489  | 05-06-16-25W4M  | GAS FLOW | 50% |

### **Pipelines & Riser Sites**

| <b>LICENSE #46043</b> | <b>FROM</b>     | <b>TO</b>      |
|-----------------------|-----------------|----------------|
| Line 1                | 9-29-015-25W4   | 11-01-016-26W4 |
| Line 3                | 14-28-015-25W4  | 09-29-015-25W4 |
| Line 4                | 05-06-16-25W4   | 04-06-016-25W4 |
| Line 5                | 10-33-015-25W4  | 14-28-015-25W4 |
| Line 8                | 06-34-015-25W4  | 14-28-015-25W4 |
| Riser Site            | 04-06-016-25W4M |                |

### **Facilities**

**NONE**

**Schedule "C"**

**Encumbrances – Not Permitted**

Nil

**Schedule "D"****Permitted Encumbrances, Caveats, Easements and Restrictive Covenants****UTILITY-RIGHT-OF-WAYS - EASEMENTS**

To be transferred into the name of the Purchaser or its Nominee

| <b>COMPANY FILE NO.</b> | <b>LANDS</b>                   | <b>TITLE NO.</b>                                   | <b>REGISTRATION NO.</b> | <b>REGISTRATION DATE</b> |
|-------------------------|--------------------------------|----------------------------------------------------|-------------------------|--------------------------|
| E06668                  | Twp 15 Rge 25<br>W4M: NE 29    | 101 054 138                                        | 061 245 885             | 20/06/2006               |
| E06669                  | Twp 15 Rge 25<br>W4M: NW 29    | 151 245 246 +2                                     | 061 245 886             | 20/06/2006               |
| E06670                  | Twp 15 Rge 25<br>W4M: NE 30    | 131 133 266                                        | 061 245 887             | 20/06/2006               |
| E06671                  | Twp 15 Rge 25<br>W4M: N & S 31 | 851 148 834<br>(N31)<br><br>851 148 834 A<br>(S31) | 061 245 888             | 20/06/2006               |
| E06672                  | Twp 16 Rge 25<br>W4M: SW 6     | 154H42                                             | 061 245 889             | 20/06/2006               |
| E06673                  | Twp 16 Rge 26<br>W4M: NW & S 1 | 021 130 366 +2                                     | 061 245 890             | 20/06/2006               |
| E06674                  | Twp 15 Rge 25<br>W4M: NW 28    | 081 227 006                                        | 061 245 891             | 20/06/2006               |
| E06675                  | Twp 15 Rge 25<br>W4M: NE 29    | 101 054 138                                        | 061 245 892             | 20/06/2006               |
| E06682                  | Twp 16 Rge 25<br>W4M: SW 6     | 154H42                                             | 061 246 075             | 20/06/2006               |
| E06688                  | Twp 15 Rge 25<br>W4M: NE 28    | 011 354 596                                        | 061 482 399             | 20/11/2006               |
| E06687                  | Twp 15 Rge 25<br>W4M: E 33     | 071 243 994 +5                                     | 061 482 398             | 20/11/2006               |
| E06694                  | Twp 15 Rge 25<br>W4M: SW 34    | 111 151 736                                        | 071 360 314             | 18/07/2007               |
| E06695                  | Twp 15 Rge 25<br>W4M: SE 33    | 071 243 994 +5                                     | 071 360 315             | 18/07/2007               |

|        |                             |             |             |            |
|--------|-----------------------------|-------------|-------------|------------|
| E06696 | Twp 15 Rge 25<br>W4M: NE 28 | 011 354 596 | 071 360 316 | 18/07/2007 |
| E06697 | Twp 15 Rge 25<br>W4M: NW 28 | 081 227 006 | 071 360 317 | 18/07/2007 |

**SURFACE LEASE CAVEATS**

To be transferred in to the name of the Purchaser or its Nominee

| <b>COMPANY FILE<br/>NO.</b> | <b>LANDS</b>                               | <b>TITLE NO.</b> | <b>REGISTRATION<br/>NO.</b> | <b>REGISTRATION<br/>DATE</b> |
|-----------------------------|--------------------------------------------|------------------|-----------------------------|------------------------------|
| S07153                      | Twp 15 Rge 25<br>W4M: NW 28                | 081 227 006      | 051 294 869                 | 16/08/2005                   |
| S07167                      | Twp 15 Rge 25<br>W4M: NE 33                | 071 243 994 + 5  | 061 193 013                 | 17/05/2006                   |
| S07155                      | Twp 15 Rge 25<br>W4M: SW 34                | 111 151 736      | 051 327 287                 | 08/09/2005                   |
| S07163                      | Twp 16 Rge 25<br>W4M: SW 6                 | 154H42           | 061 119 131                 | 23/03/2006                   |
| S07168                      | Twp 16 Rge 25<br>W4M: SW 6<br>(Riser Site) | 154H42           | 061 192 766                 | 17/05/2006                   |

**SURFACE RIGHTS BOARD ORDERS – EASEMENTS**

NIL

**CAVEATS – EASEMENTS**

NIL

**Schedule "E"****CROWN LEASES**

| <b>COMPANY<br/>FILE NO.</b> | <b>AGREEMENT<br/>NUMBER</b> | <b>AGREEMENT<br/>TYPE</b>           | <b>INTEREST<br/>DESCRIPTION</b>                                        | <b>EFFECTIVE DATE</b> |
|-----------------------------|-----------------------------|-------------------------------------|------------------------------------------------------------------------|-----------------------|
| M08853                      | 0400050044                  | Alberta Crown<br>P&NG Mineral Lease | Twp 15 Rge 25 W4M:<br>Section 28.<br><br>All P&NG to Base<br>Mannville | May 5, 2000           |
| M08855                      | 0400050048                  | Alberta Crown<br>P&NG Mineral Lease | Twp 15 Rge 25 W4M:<br>Section 34<br><br>All P&NG to Base<br>Mannville  | May 5, 2000           |
| M08864                      | 0405120388                  | Alberta Crown<br>P&NG Mineral Lease | Twp 16 Rge 25 W4M:<br>Section 6<br><br>All P&NG to Base<br>Mannville   | December 15, 2005     |

**FREEHOLD MINERAL LEASES**

| <b>COMPANY FILE<br/>NO.</b> | <b>LANDS</b>                         | <b>TITLE NO.</b> | <b>REGISTRATION<br/>NO.</b>         | <b>REGISTRATION<br/>DATE</b> |
|-----------------------------|--------------------------------------|------------------|-------------------------------------|------------------------------|
| M06369                      | Twp 15 Rge 25<br>W4MM: Section<br>33 | 011 061 853      | 051 476 427 (Scott<br>Land & Lease) | 14/12/2005                   |
| M06861                      | Twp 15 Rge 25<br>W4M: Section 33     | 031 307 579 +2   | 041 053 109                         | 05/02/2004                   |
| M06865                      | Twp 15 Rge 25<br>W4M: Section 33     | 841 067 423 I    | 041 012 192                         | 10/01/2004                   |
| M06855                      | Twp 15 Rge 25<br>W4M: Section 33     | 941 293 532      | 041 056 746                         | 09/02/2004                   |
| M06863                      | Twp 15 Rge 25<br>W4M: Section 33     | 161 075 870      | 041 013 996                         | 12/01/2004                   |
| M06862                      | Twp 15 Rge 25<br>W4M: Section 33     | 121 065 821 +4   | 041 004 478                         | 06/01/2004                   |

|        |                                  |                 |             |            |
|--------|----------------------------------|-----------------|-------------|------------|
|        | Twp 15 Rge 25<br>W4M: Section 33 | 121 065 842 +2  | 041 004 478 | 06/01/2004 |
| M06848 | Twp 15 Rge 25<br>W4M: Section 33 | 161 041 235 +3  | 041 018 892 | 14/01/2004 |
| M06864 | Twp 15 Rge 25<br>W4M: Section 33 | 181 048 559 +5  | 041 013 999 | 12/01/2004 |
| M06866 | Twp 15 Rge 25<br>W4M: Section 33 | 941 293 532 + 1 | 041 038 947 | 27/01/2004 |