

COURT FILE NUMBER **1701-03460**

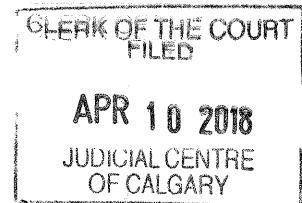
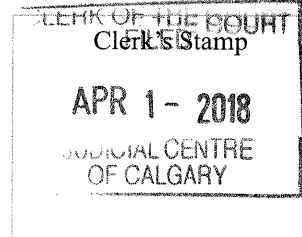
COURT COURT OF QUEEN'S BENCH OF ALBERTA

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 **APPLICATION BY RECEIVER**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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File No. 547730/000021

NOTICE TO RESPONDENTS: See Service List, Schedule "A" to this Application

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date April 18, 2018
Time 10:00 a.m.
Where Calgary Courts Centre, 601-5th Street SW, Calgary AB
Before Whom The Honourable B.E.C. Romaine

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Grant Thornton Limited, in its capacity as the court-appointed receiver (“**Receiver**”) of Lexin Resources Ltd. (“**Lexin**”), 1051393 B.C. Ltd. (“**105**”), 0989 Resource Partnership (“**0989**”), LR Processing Ltd. (“**LR Ltd.**”) and LR Processing Partnership (“**LR Processing**” and collectively with Lexin, 105, 0989 and LR Ltd. the “**Lexin Group**”), seeks Orders in substantially the same forms as those attached hereto as **Schedules “B”** and “**C**” respectively for the following relief:
 - (a) Declaring service of this Application good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;
 - (b) Approving and ratifying the Receiver’s activities as more particularly set forth in the Seventh Report of the Receiver dated April 9, 2018 (the “**Seventh Report**”), filed in the within proceedings;
 - (c) Approving and ratifying the Receiver’s fees and disbursements as set out in the Seventh Report, without the necessity of a formal passing of its accounts;
 - (d) Approving and ratifying the accounts of the Receiver’s legal counsel, Borden Ladner Gervais LLP, for its fees and disbursements, as summarized in Seventh Sixth Report without the necessity of a formal passing of its accounts;
 - (e) Authorizing the Receiver to execute the AER transfer request for two subject well licenses and one pipeline license segment as more particularly described in the Seventh Report, on the AER’s DDS system to Tamarack Acquisition Corp.;
 - (f) Approving an increase in the aggregate asset sale threshold limit contained in paragraph 3(j)(i) of the Receivership Order dated March 20, 2017 and in paragraph 5(j)(i) of the Receivership Order dated June 13, 2017 (together, the “**Receivership Orders**”), from \$150,000 to \$300,000;
 - (g) Amending the Receivership Orders *nunc pro tunc* to explicitly provide the Receiver with the entitlement to disclaim, abandon or renounce the Lexin Group’s interest in any contracts, agreements or other Property;
 - (h) Approving the Receiver’s partial discharge of its obligations over the licenses outlined in Appendix 7 of the Seventh Report;
 - (i) Approving and authorizing the sale of Lexin’s 5.736% non-operated working interest in the Ghost Pine Unit to Davilin Energy Corp. pursuant to the Purchase and Sale Agreement, a redacted copy of which is appended to the Seventh Report, the unredacted pages having been appended as a confidential appendix to the Seventh Report (the “**Davilin PSA**”);
 - (j) Sealing the confidential appendix to the Seventh Report (the “**Confidential Appendix**”) for a period of 90 days following the closing of the Davilin PSA; and
 - (k) Approving a sale and vesting order with respect to the transaction contemplated in the Davilin PSA in substantially the same form as attached hereto as Schedule “C”.

2. Such further and other relief as this Honourable Court may deem just in the circumstances.

Grounds for making this application:

3. The grounds for making this application are as set out in the Seventh Report. These grounds include, but are not limited to the following:

Background of Receivership Proceedings

- (a) On March 20, 2017, this Court granted the Alberta Energy Regulator's ("**AER**") application to petition Lexin into receivership (the "**Lexin Receivership Order**"). Subsequently, on June 13, 2017, this Court granted the Receiver's application to petition 105, 0989, LR Ltd. and LR Processing into receivership pursuant to a consent receivership order (the "**Expanded Receivership Order**" and together with the Lexin Receivership Order the "**Receivership Orders**"). All capitalized terms used but not otherwise defined herein shall have the meaning given to them in the Receivership Orders.
- (b) The Receivership Orders appointed the Receiver over all of the Debtors' Property, but provided that, while the Receiver may take possession and exercise control over the Property, the Receiver is not required to take possession or exercise physical control over any of the Debtors' oil or gas wells, pipelines, facilities or sites regulated by the AER (the "**Sites**").
- (c) The Sites for which the Debtors were the sole operator and owner are now under the care and custody of the Orphan Well Association; however, Sites operated by the Debtors (or any one of them) in which there are working interest participants ("**WIPs**") have been placed under the care and custody of those WIPs.
- (d) While the Receiver cannot take physical possession of the Sites, the Receiver is authorized to conduct a sales and marketing process with respect to all of the Debtors' Property.

Sales Process

- (e) On July 14, 2017, the Receiver obtained this Court's approval to engage in an extensive sales and solicitation process ("**Sales Process**") to market for sale all of the Lexin Group's assets. The SSP is underway with the assistance of the Receiver's court-approved sales advisor, Sayer Energy Advisors.
- (f) While the Sales Process is not yet concluded, it has become apparent to the Receiver that certain properties, including AER licensed properties, will not be sold in the Sales Process. As a result, the Receiver is proposing to obtain a partial discharge of its responsibilities and obligations under the Receivership Order over certain of the licenses. A partial discharge is sought as the Receiver is not in care and custody of the licensed assets.
- (g) The Receiver has negotiated a purchase and sale agreement (the "**PSA**") for the sale of Lexin's 5.736% non-operated working interest in the Ghost Pine Unit, which interest does not conflict with the Finance Loan. As a result, the Receiver is seeking the Court's

permission to finalize the sale and transfer the asset to the proposed purchaser, as more particularly outlined in the Seventh Report.

- (h) The Receiver considers the PSA to be fair, reasonable and in the best interests of the Lexin Group's stakeholders.
- (i) The current threshold for sales of the Lexin Group property as set out in the Receivership Orders is \$50,000 for a single sale, or \$150,000 in the aggregate. The Receiver is almost at the \$150,000 threshold and is asking the Court to increase the aggregate threshold of sales to \$300,000 in contemplation of potential sales that may arise from a salvage process the Receiver is currently examining. This will obviate the need to seek Court approval for smaller dollar sales that may arise.

Sealing Order

- (j) The Confidential Appendix contain commercially sensitive information of the Lexin Group that if disseminated could adversely affect the Sales Process should the PSA fail to close.
- (k) The Sealing Order sought is the least restrictive and prejudicial alternative to prevent dissemination of the Lexin Group's commercially sensitive information.
- (l) It is fair and just in the circumstances to restrict public access to the Confidential Appendix on the terms set out in the proposed sealing order.

Authorization to Initiate License Transfers

- (m) Tamarack exercised its rights under a joint operating agreement to obtain operatorship of certain assets in which Lexin has an ownership interest, prior to the initiation of the within receivership proceedings. The Receiver's counsel has confirmed that Tamarack properly exercised its rights in accordance with the contractual terms prior to the stay of proceedings.
- (n) Tamarack and the Receiver entered into a letter agreement which recognizes the terms of the agreement as between the parties, that all related agreements and associated AER licenses must be transferred to Tamarack after the exercise of operatorship. This was communicated to parties in the Sales Process.
- (o) In the present circumstances, the Receiver does not have care and custody of the Sites and it is therefore unclear as to whether the Receiver has the authority to initiate license transfer requests on the AER's DDS system. The Receiver, therefore specifically seeks this authority from the Court.

Amendment of Receivership Order *Nunc Pro Tunc*

- (p) The Receiver is asking the Court to amend the Receivership Orders to specifically authorize the Receiver to disclaim, resiliate, abandon or renounce the Lexin Group's interest in any contracts, agreements or other Property. While the Receiver is of the view that it has these rights notwithstanding they are not specifically set out in the Receivership Orders, the Receiver is asking the Court to so amend the Receivership Orders to provide clarity to third parties regarding any disclaimers.

4. Such further and other basis as Counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

5. The Seventh Report of the Receiver, dated April 9, 2018.
6. The Confidential Appendix to the Seventh Report.
7. The pleadings and Receiver's Reports previously filed in these proceedings, and specifically the Third Report, the Fourth Report, and the Fifth Report.
8. Such further and other evidence as counsel may advise and this Honourable Court permit.

Applicable rules:

9. *Alberta Rules of Court*, AR 124/2010, and in particular, Rules 1.3, 3.75, 6.3, 6.4, 11.27, 11.29 and 13.5
10. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
11. Such further and other rules as counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

12. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.
13. *Judicature Act*, RSA 2000, c J-2.

Any irregularity complained of or objection relied on:

14. None.

How the application is proposed to be heard or considered:

15. In person before the Honourable Justice B.E. Romaine, with some or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning

of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule “A” Service List

Summit Acceptance Corp. 4620 Blackfoot Trail SE Calgary AB T2G 4G2	
MFC Energy Finance Inc. 1860 - 400 Burrard Street Vancouver BC V6C 3A6	
Marquinn Industries Ltd. 7115 Sparrow Drive Leduc AB T9E 7L1	
Baker Hughes Canada Company c/o DLA Piper (Canada) LLP 1000-250 2 Street SW Calgary AB T2P 0C1	
Her Majesty the Queen in Right of Alberta c/o Service Alberta Crown Debt Collections 8 th Floor John E. Brownlee Building Edmonton AB T5J 3W7	
Municipal District of Ranchlands No. 66 PO Box 1060 Nanton AB T0L 1R0	

COURT FILE NUMBER

1701-03460

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

Calgary

APPLICANT

ALBERTA ENERGY REGULATOR

RESPONDENT

LEXIN RESOURCES LTD.

DOCUMENT

SERVICE LIST

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AND CONTACT
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Municipal District of Willow Creek No. 26 26 Highway 520 W Claresholm AB T0L 0T0	
AltaGas Processing Partnership 1700, 355 – 4 Avenue SW Calgary AB T2P 0J1	
MFC Acquisition Inc., As Administrative Agent 1000 925 W. Georgia Street Vancouver BC V6C 3L2	
MFC Industrial Ltd. 1000, Cathedral Place 925 West Georgia Street Vancouver, BC V6C 3L2	
Adeco Exploration Company Ltd. (0ZA0) c/o Bennett Jones LLPL 4500-855 2 Street SW Calgary AB T2P 4K7	
Ms. Nancy Penner Interwest Petroleums Ltd. c/o Parlee McLaws LLP 3300, 421 – 7th Avenue SW Calgary Alberta T2P 4K9	
Phillips Petroleum Canada Ltd. (0945) 1600-401 9 Avenue SW Calgary AB T2P 2H7	
R.W. Berry Canada, Inc. c/o Bennett Jones LLP 4500-855 2 Street SW Calgary AB T2P 3K7	
Prospex Resources Ltd. (A120) c/o Paramount Resources Ltd. (04W4) 4700-888 3 Street SW Calgary AB T2P 5C5	
Westhill Petroleum Ltd. (0EX2) 3300, 421 7 th Ave SW Calgary, AB T2P 4K9	
Royalty Trust 400-144 4 Avenue SW Calgary AB T2P 3N4	
Canadian Freehold Consulting (1991) Ltd. 47 Edgehill Crescent NW Calgary AB T3A 2X5	
Chessor Holdings Ltd. 460 30 Ave Avenue NW Calgary AB T2M 2N4	

Copper Creek Gold Corp. 710 750 West Pender Street Vancouver BC V6C 2T7	
Country Rock Resources Ltd. (A2BY) 79 Windmill Way Calgary AB T3Z 1H5	
Newbert Petroleum Engineering Ltd. (0Z8W) Box 528 Crossfield AB T0M 0S0	
Scotia Oils Limited (0DK9) 1164-7620 Elbow Drive SW Calgary AB T2V 1K2	
Roseland Development Ltd. (0M21) 602 25 Avenue SW Calgary AB T2S 0L6	
264646 Alberta Ltd. 4th Floor, 4943 50 Street Red Deer AB T4N 1Y1	
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Houston Oil & Gas Ltd. (A74H) 800-903 8 Avenue SW Calgary AB T2P 0P7	mark@houstonoil.ca
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New North Resources Ltd. (0CZ4) 320-700 4 Avenue SW Calgary AB T2P 3J4	Pradeep@new-north.com
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Sutton Energy Ltd. (0M9E) 450-736 8 Avenue SW Calgary AB T2P 1H4	B_gough@shaw.ca
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The Paddon Hughes Development Co. Ltd. 940-1122 4 Street SW Calgary AB T2R 1M1	waldyk@paddonhughes.com
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Schedule “B” Form of Order: Various Relief

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 **ORDER**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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File No. 547730/000021

DATE ON WHICH ORDER WAS PRONOUNCED: April 18, 2018

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application of Grant Thornton Limited in its capacity as the court-appointed receiver (the "**Receiver**") of Lexin Resources Ltd. ("**Lexin**"), 1051393 B.C. Ltd. ("**105**"), 0989 Resource Partnership ("**0989**"), LR Processing Ltd. ("**LR Ltd.**") and LR Processing Partnership ("**LR Processing**" and collectively with Lexin, 105, 0989 and LR Ltd. the "**Lexin Group**"); **AND UPON** having read the Seventh Report of the Receiver, dated April 9, 2018 (the "**Seventh Report**") and the Confidential Appendix to the Seventh Report (the "**Confidential Appendix**") and the Affidavit of Service of Stella Kim, filed, and the pleadings and Receiver's reports previously filed herein, including the receivership order granted on March 20, 2017 (the "**Lexin Receivership Order**") and the consent receivership order granted on June 13, 2017 (the "**Expanded Receivership Order**", sometimes referenced herein with the Lexin Receivership Order as the "**Receivership Orders**"); **AND UPON** having heard submissions from counsel for the Receiver, and any other counsel in attendance at this Application,

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of this Application together with all supporting materials is hereby declared to be good and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Honourable Court today and further service thereof is dispensed with.

Authorization to Initiate DDS Transfer

2. Notwithstanding that the Receiver is not in possession or physical control of the licensed oil and gas properties, the Receiver is hereby authorized and empowered to take all such steps as may be necessary to initiate the transfer of well licenses W0407159 and W0364935, and pipeline license segment P00004739 Segment 9 on the Alberta Energy Regulator's Digital Data Submission system to Tamarack Acquisition Corp.

Increase to Aggregate Sales without Court Approval

3. Paragraphs 3(j)(i) of the Lexin Receivership Order and 5(j)(i) of the Expanded Receivership Order are hereby amended to increase the aggregate consideration threshold for all transactions authorized without Court approval, from \$150,000 to \$300,000.

Amendment to Receivership Orders

4. The Receivership Orders are hereby amended, *nunc pro tunc*, to empower and authorize the Receiver to disclaim, resiliate, abandon or renounce the Lexin Group's interest in any contract or other Property. For greater clarity, there shall be added to the Lexin Receivership Order, paragraph 3(s) and to the Expanded Receivership Order, paragraph 5(s) the following: "to disclaim, resiliate, abandon or renounce the Debtors interest in and to any contract or other Property".

Partial Discharge

5. The Receiver is partially discharged from any and all obligations derived from the Receivership Orders or otherwise in respect of the licenses set out in Appendix 7 of the Seventh Report (the "**Licenses**").

6. The Receiver shall not be liable for any act or omission on its part in respect of the Licenses, including without limitation, any act or omission pertaining to the discharge of its duties in respect of the Licenses in the within proceedings, save and except for any liability arising out of any gross negligence or wilful misconduct on its part, or with leave of the Court. Subject to the foregoing, any claims against the Receiver in respect of the Licenses, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission of the Receiver in any way relating to or arising out of or in respect of the performance of its duties regarding the Licenses, are hereby stayed, released, extinguished and forever barred.
7. No action or other proceeding shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver of the Licenses, except with prior leave of this Court on notice to the Receiver and upon such terms and this Court may direct.
8. Nothing in this order shall derogate from the terms or protections ordered with respect to the Receiver in the Receivership Orders, including but not limited to the fact that the Receiver is neither in possession or physical control of the Licenses.

Approval of Activities & Fees

9. The Receiver's activities as set out in the Seventh Report are hereby approved.
10. The Receiver's accounts for fees and disbursements, as set out in the Seventh Report, are hereby approved without the necessity of a formal passing of its accounts.
11. The accounts of the Receiver's legal counsel, Borden Ladner Gervais LLP, for its legal fees and disbursements, as set out in the Seventh Report, are hereby approved without the necessity of a formal passing of its accounts.

Schedule “C” Form of Order: Sale Approval & Vesting

Clerk's Stamp

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>SALE APPROVAL & VESTING ORDER</u>

ADDRESS FOR SERVICE AND	Robyn Gurofsky
CONTACT INFORMATION OF	Borden Ladner Gervais LLP
PARTY FILING THIS	1900, 520 3 rd Ave. S.W.
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	Email: rgurofsky@blg.com
	File No. 547730/000021

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 ●, 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**”); **AND UPON** hearing counsel for the Receiver, the Purchaser, 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, 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. 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.

16. 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.

17. 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

18. 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.

19. 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.
20. 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.

21. 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
22. No other persons are entitle to be served with a copy of this Order.
23. 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 of the Court of Queen’s Bench of Alberta