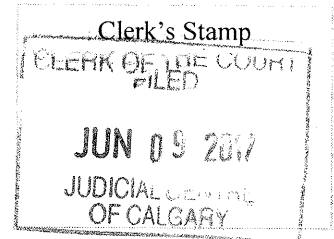


COURT FILE NUMBER **1701-03460**
COURT **COURT OF QUEEN'S BENCH OF ALBERTA**
JUDICIAL CENTRE **Calgary**
APPLICANT **ALBERTA ENERGY REGULATOR**
RESPONDENT **LEXIN RESOURCES LTD.**
DOCUMENT **APPLICATION BY RECEIVER:
EXPANDED RECEIVERSHIP
PROCEEDINGS**



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT
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Calgary, AB T2P 0R3
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Facsimile: (403) 266-1395
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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 June 13, 2017
Time 2:00 p.m.
Where Calgary Courts Centre, 601-5th Street SW, Calgary AB
Before Whom The Honourable Justice K.M. Eidsvik

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**"), seeks to enter a Consent to Receivership Order, substantially in the form attached hereto as **Schedule "B"**, with respect to 1051393 B.C. Ltd. ("**105**"), 0989 Resource Partnership ("**0989**"), LR Processing Ltd. ("**LR Ltd.**"), and LR Processing Partnership ("**LR Processing**") and together with 105, 0989 and LR Ltd. the "**Additional Parties**", all of which are related entities of Lexin.
2. Such further and other relief as this Honourable Court may deem just in the circumstances.

Grounds for making this application:

Background of Lexin's Receivership Proceedings

3. On March 20, 2017, this Court granted the Alberta Energy Regulator's ("**AER**") application to petition Lexin into receivership (the "**Receivership Order**"). All capitalized terms used but not otherwise defined herein shall have the meaning given to them in the Receivership Order.
4. The Receivership Order appointed the Receiver over all of Lexin's 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 Lexin oil or gas wells, pipelines, facilities or sites regulated by the AER (the "**Sites and Abandoned Sites**").
5. Where Lexin was the 100% WIP in the Sites, such sites are now under the care and custody of the Orphan Well Association ("**OWA**"); however, where there were other WIPs aside from Lexin, those Sites are under the care and custody of those other WIPs.
6. While the Receiver cannot take physical possession of the Sites and Abandoned Sites, the Receiver is authorized to conduct a sales and marketing process with respect to all of Lexin's Property.

Relationship Between Lexin and the Debtors

7. The Additional Parties are all related to Lexin. Lexin is a 99.999% partner in the 0989 partnership. The other partner in the 0989 partnership is 105, whose sole asset appears to be its 0.001% interest in 0989. 0989 holds 100% of the shares of LR Ltd., which in turn is the general partner of LR Processing.

8. The Receiver believes that a more effective sales process can be conducted with the Additional Parties included within the Receivership proceedings. This is because the Additional Parties are inextricably linked with Lexin's oil and gas assets, including:
 - (a) Beneficial interest in leases – while legal title, together with the applicable well licenses, may have been held in the name of Lexin, the leases appear to have been accounted for by Lexin as being 0989 assets and beneficial ownership of the underlying assets appears to belong to 0989;
 - (b) Wells and facilities - Lexin is the AER license holder of the wells and facilities, including the Mazeppa Plant, which appears to be beneficially owned by LR Processing, with legal title to the real property held by LR Ltd;
 - (c) Joint Venture activity – much of Lexin's relationship with its Working Interest Partners and other contracting parties appears to have been conducted in the name of 0989;
 - (d) Equipment – the oil and gas equipment required for Lexin's oil and gas operations appears to have been owned or leased by 0989; and
 - (e) Pipelines – the pipelines that are required to flow sour gas for Lexin and 0989 in and around the High River area are licensed to LR Processing.
9. Additionally, many of Lexin's stakeholders are also creditors or parties with interests in the Additional Parties.
10. The inclusion of the Additional Parties in Lexin's receivership proceedings is just and convenient to allow the Receiver to conduct a fulsome sales process with respect to not only Lexin's Property, but also the property of the Additional Parties, resulting in maximum realizations for all stakeholders.
11. All of the Additional Parties, Lexin and the AER have indicated they would consent to an expansion in the receivership proceedings and a receivership order with respect to the Additional Parties.
12. Such further and other grounds as counsel may advise and this Honourable Court permit.

Material or evidence to be relied on:

13. The Third Report of the Receiver.
14. The pleadings and Receiver's Reports previously filed in these proceedings.
15. Such further and other evidence as counsel may advise and this Honourable Court permit.

Applicable rules:

16. *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
17. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
18. Such further and other rules as counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

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

Any irregularity complained of or objection relied on:

21. None.

How the application is proposed to be heard or considered:

22. In person before the Honourable Justice K.M. Eidsvik, 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”

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
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Robyn Gurofsky/Jessica L. Cameron Borden Ladner Gervais LLP 1900, 520 3 rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9774/9715 Facsimile: (403) 266-1395 Email: rgurofsky@blg.com / jcameron@blg.com File No. 547730/000021

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	
Enerflex Ltd. 10121 Barlow Trail NE Calgary AB T3J 3C6	
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. 1620 400 Burrard Street Vancouver BC V6C 3A6	
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) 260-435 4 Avenue SW Calgary AB T2P 3A8	
Dauntless Energy Inc. (A6H3) 1410-606 4 Street SW Calgary AB T2P 1T1	
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	
Deloitte Management Services LP c/o Miller Thomson LLP 2700 Commerce Place 10155 102 Street Edmonton AB T5J 3W7 Tom Gusa	tgusa@millerthomson.com
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Husky Oil Operations Limited (0R46) 707 8 Avenue SW PO Box 6525 Stn D Calgary AB T2P 3G7	Husky.regulatory@huskyenergy.ca
Murphy Canada Exploration Company (0MY7) 1700-555 4 Avenue SW Calgary AB T2P 3Y3	Gaye_marshall@murphyoilcorp.com
New North Resources Ltd. (0CZ4) 320-700 4 Avenue SW Calgary AB T2P 3J4	Pradeep@new-north.com
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Mr. Paul Bothwell Pengrowth Energy Corporation (A5R5) 2100-222 3 Avenue SW Calgary AB T2P 0B4	Paul.bothwell@pengrowth.com
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Pine Cliff Energy Ltd. (A1GR) 850-1015 4 Street SW Calgary AB T2R 1J4	tmcneill@pinecliffenergy.com hisidoro@pinecliffenergy.com
SanLing Energy Ltd. (A7AZ) 1700-250 2 Street SW Calgary AB T2P 0C1	Kate.ramage@sanlingenergy.com David.west@sanlingenergy.com
Signalta Resources Limited (0R89) 700-840 6 Avenue SW Calgary AB T2P 3E5	Angela.meister@signalta.com
Southern Pacific Energy Ltd. (A5A6) 1700-205 5 Avenue SW Calgary AB T2P 2V7 Rick Osuna	c/o PricewaterhouseCoopers Inc. in its capacity as Court appointed Receiver of Southern Pacific Energy Ltd. and not in its personal capacity rick.f.osuna@ca.pwc.com
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Sutton Energy Ltd. (0M9E) 450-736 8 Avenue SW Calgary AB T2P 1H4	B_gough@shaw.ca
TAQA North Ltd. (A2TG) 2100-308 4 Avenue SW Calgary AB T2P 0H7	regulatoryaffairs@taqa.ca

Trident Exploration (Alberta) Corp. (A663) 1000-444 7 Avenue SW Calgary AB T2P 0X8		phawke@tridentexploration.ca
Zargon Oil & Gas Ltd. (0MP9) 700-333 5 Avenue SW Calgary AB T2P 3B6		rdoetzel@zargon.ca
Bounty Developments Ltd. (0HP8) 1250-340 12 Avenue SW Calgary AB T2R 1L5		Kelly@bountydev.com
The Paddon Hughes Development Co. Ltd. 940-1122 4 Street SW Calgary AB T2R 1M1		waldyk@paddonhughes.com
6058931 Canada Inc. 1650-801 6 Avenue SW Calgary AB T2P 3W2		6058931_operations@questerre.com
Direct Energy Marketing Limited (0RC3) PO Box 4335 Stn C Calgary AB T2T 4K3		catherine.hiscocks@centrica.com
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Alberta Treasury Branches 600-444 7 Avenue SW Calgary, AB T2P 0X8 Alex Corbett Trina Holland		acorbett@atb.com THolland@atb.com
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Coastal Resources Limited (OPR1) 1400-520 5 Avenue SW Calgary AB T2P 3R7		rlakhoo@coastal.ab.ca
Bonavista Energy Corporation (A5RX) 1500-525 8 Avenue SW Calgary AB T2P 1G1		Colin.hennel@bonavistaenergy.com
ConocoPhillips Canada Resources Corp. (A5G3) 1600-401 9 Avenue SW Calgary AB T2P 2H7		regulatoryaffairsmailbox@conocophillips.com
Crescent Point Energy Corp. (A2J6) 2000-585 8 Avenue SW Calgary AB T2P 1G1		regulatory@crescentpointenergy.com
Canadian Natural Resources Limited (OHE9) 2100-855 2 Street SW Calgary AB T2P 4J8		Orest.kotelko@cnrl.com Jeff.davidson@cnrl.com
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Schedule "B"

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 **CONSENT RECEIVERSHIP
ORDER**

Clerk's Stamp

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT Robyn Gurofsky/Jessica L. Cameron
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Email:
rgurofsky@blg.com/jcameron@blg.com
File No. 547730/000021

DATE ON WHICH ORDER WAS PRONOUNCED: _____

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: _____

UPON the Application of Grant Thornton Limited in its capacity as court-appointed receiver of Lexin Resources Ltd. ("**Lexin**"); **AND UPON** having read the Third Report of the Receiver dated June 9, 2017 (the "**Third Report**"), the Affidavit of Service of NTD, filed, and the pleadings and Receiver's reports previously filed herein, including the receivership order granted with respect to Lexin on March 20, 2017

(the “**Lexin Receivership Order**”); **AND UPON** noting the consent of counsel for all of 1051393 B.C. Ltd. (“**105**”), 0989 Resource Partnership (“**0989**”), LR Processing Ltd. (“**LR Ltd.**”) and LR Processing Partnership (“**LR Processing**” and together with 105, 0989 and LR Ltd. the “**Debtors**”); **AND UPON** noting the consent of Grant Thornton Limited to act as receiver of the Debtors (the “**Receiver**”); **AND UPON** hearing from counsel for the Receiver, the Alberta Energy Regulator (the “**AER**”), Lexin, the Debtors and any other interested party appearing at the Application,

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the Debtors’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).
3. The Receiver’s appointment hereunder is effective as of the date of this Order and not retroactive to the date of the granting of the Lexin Receivership Order.

AMENDED STYLE OF CAUSE

4. The style of cause in the within Action is hereby amended by including all of 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership as Respondents, and the Clerk of the Court is hereby directed to file this Order and all subsequent proceedings in this matter in accordance with this new style of cause.

RECEIVER'S POWERS

5. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized (but not obligated) to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property, with the exception of taking possession of or exercising physical control over any of the Debtors oil or gas wells, pipelines, facilities or sites regulated by the AER (the “**Sites and Abandoned Sites**”), and any and all proceeds, receipts and disbursements arising out of or from the Property, and for greater clarity, while the Receiver shall have limited powers with respect to the Property as it relates to the Sites and Abandoned Sites as more particularly set out herein, the Receiver shall not have the power to take possession of and exercise physical control over the Sites and Abandoned Sites;
- (b) to disclaim, abandon or renounce the Debtors’ interest in any of the Property;
- (c) to receive, preserve and protect the Property (save and except for the Sites and Abandoned Sites) of the Debtors, or any part or parts thereof, including, but not limited to, the relocating of the Property to safeguard it and the placement of such insurance coverage as may be necessary or desirable;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (f) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided

further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;

- (i) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (j) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$150,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required;

- (k) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property and this Order shall be registered by the Registrar of Land Titles 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, which appeal period is expressly waived;
- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

- (o) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (q) to, with leave of the Court, assign the Debtors, or any one of them, into bankruptcy, to become the trustee in bankruptcy of the Debtors and to take all steps reasonably required to carry out its role as trustee in bankruptcy of the Debtors should the Receiver deem it appropriate in the circumstances to do so; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

6. Notwithstanding any other provision of this Order, nothing herein shall empower authorize or require the Receiver: (i) to take possession of or exercise physical control over the Sites and Abandoned Sites; or (ii) to manage, operate or carry on the business of the Debtors, and the Receiver shall not be deemed to have taken any of the actions or steps referred to in this paragraph 5 solely as a consequence of having taken some of the steps authorized pursuant to paragraph 4.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

7. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.

8. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
9. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

10. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

11. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 10; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

12. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

13. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

14. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services,

insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

15. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

16. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
17. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent

desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “Sale”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or

- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

- 19. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

- 20. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver’s Charge**”) on the Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver’s Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.

21. The Receiver's Charge granted by this Order shall include all amounts secured by the Receiver's Charge granted pursuant to the Lexin Receivership Order (the "**First Receiver's Charge**"), such that amounts secured by the First Receiver's Charge shall rank *pari passu* with the Receiver's Charge granted by this Order and form a first charge on the Property of the Debtors, being 105, 0989, LR Processing and LR Partnership, together with the Property of Lexin (as defined in the Lexin Receivership Order), in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
22. The Receiver and its legal counsel shall pass their accounts from time to time.
23. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

24. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge, including the First Receiver's Charge, and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
25. The Receiver's authorized borrowings of \$1,200,000 and Receiver's Borrowings Charge granted hereunder are included and a part of, and not in addition to, the Receiver's authorized borrowings and Receiver's Borrowings Charge granted and defined by the Lexin Receivership Order, as

amended by the Order of this Court on May 8, 2017 (the “**First Borrowings Charge**”), such that the total aggregate amount of the First Borrowings Charge and the Receiver’s Borrowings Charge is \$1,200,000.

26. The Receiver’s Borrowings Charge granted by this Order shall include all amounts secured by the First Borrowings Charge, such that amounts secured by the First Borrowings Charge shall rank *pari passu* with the Receiver’s Borrowings Charge granted by this Order and form a first charge on the Property of the Debtors, being 105, 0989, LR Processing and LR Partnership, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
27. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
28. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver's Certificates**”) for any amount borrowed by it pursuant to this Order.
29. The monies from time to time borrowed by the Receiver pursuant to the Lexin Receivership Order, the Order granted in this proceedings on May 8, 2017, this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

30. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver’s Charge and Receiver’s Borrowings Charge amongst the various assets comprising the Property.

GENERAL

31. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

32. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
33. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
34. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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 orders and to provide such assistance to the Receiver, as an officer of this 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.
35. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
36. The Receiver shall have its costs of this motion, up to and including entry and service of this Order on a full-indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
37. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

38. The Receiver shall establish and maintain a website in respect of these proceedings at www.grantthornton.ca/lexin and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and

- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

Justice of the Court of Queen's Bench of Alberta

FORM AND CONTENT CONSENTED TO THIS ____ DAY OF JUNE, 2017.

GROIA & COMPANY PROFESSIONAL CORPORATION

Per: Bonnie Roberts Jones
Counsel for 1051393 B.C. Ltd.,
0989 Resource Partnership,
LR Processing Ltd. and
LR Processing Partnership

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "**Receiver**") of all of the assets, undertakings and properties of 1051393 B.C. Ltd. ("**105**"), 0989 Resource Partnership ("**0989**"), LR Processing Ltd. ("**LR Ltd.**") and LR Processing Partnership ("**LR Processing**") and together with 105, 0989 and LR Processing the "**Debtors**") appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the _____ day of _____, _____ (the "**Order**") made in action number 1701-03460, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ●.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

GRANT THORNTON LIMITED, solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title: