

COURT FILE NUMBER **1701-03460**

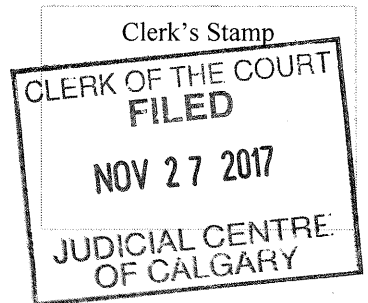
COURT COURT OF QUEEN'S BENCH OF ALBERTA

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:
INCREASE RECEIVER'S
BORROWINGS CHARGE &
APPROVAL OF TRANSACTION**



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	December 4, 2017
Time	3:00 p.m.
Where	Calgary Courts Centre, 601-5 th 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) Increasing the Receiver's Borrowings Charge from \$2,100,000 to \$2,600,000;
 - (c) Approving and ratifying the Receiver's activities as more particularly set-forth in the Fifth Report of the Receiver, dated October 12, 2017 (the "**Fifth Report**") and the Sixth Report of the Receiver dated November 27, 2017 (the "**Sixth Report**"), all of which are filed in the within proceedings;
 - (d) Approving and ratifying the Receiver's fees and disbursements as set-out in the Sixth Report, without the necessity of a formal passing of its accounts;
 - (e) Approving and ratifying the accounts of the Receiver's legal counsel, Borden Ladner Gervais LLP, for its fees and disbursements, as summarized in the Sixth Report without the necessity of a formal passing of its accounts;
 - (f) Approving and authorizing the sale of the Carbon Credits (as defined and described in the Sixth Report) pursuant to the Emission Offset Purchase Agreement between the Receiver and ConocoPhillips Canada Resources Corp. ("**Conoco**") (the "**EOPA**"), as attached as Confidential Appendix 9 to the Sixth Report;
 - (g) Approving a sale and vesting order with respect to the EOPA in substantially the same form as attached hereto as Schedule "C";
 - (h) Authorizing and directing the Receiver to make use of the net proceeds to fund the administration of the receivership estate and, as and when deemed appropriate by the Receiver, to apply a portion of the net proceeds from the sale of the Carbon Credits towards repayment of outstanding Receiver's Certificates, which presently total \$2,010,000; and
 - (i) Sealing the confidential appendices to the Sixth Report (the "**Confidential Appendices**") for a period of 90 days following the closing of the EOPA.
2. Such further and other relief as this Honourable Court may deem just in the circumstances.

Grounds for making this application:

Background of Receivership Proceedings

3. 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.
4. 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**").
5. 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.
6. 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.

Increase to Receiver's Borrowings Charge

7. The Receiver is presently authorized to borrow up to \$2,100,000 for the purpose of funding the exercise of the powers and duties conferred upon by the Receiver pursuant to the Receivership Orders, which borrowings are secured pursuant to the Receiver's Borrowings Charge.
8. The Receiver has issued Receiver's Certificates totalling \$2,010,000 to the lender, AER, which is the maximum borrowing level presently permitted by the Receivership Orders. The actual receipts and disbursements ("**R&D**") for the Lexin Group's estate is as more particularly outlined in the Sixth Report.

9. The Receiver's projected R&D for the estate through to February 28, 2018, inclusive of the actual R&D to date, are more particularly outlined in the Sixth Report.
10. As noted above, the Receiver's Borrowings Charge is almost exhausted. As a result, the Receiver will require an increase in its borrowing powers from \$2,100,000 to \$2,500,000.

Approval of EOPA

11. On July 14, 2017, the Receiver obtained this Court's approval to engage in an extensive sales and solicitation process ("SSP") 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 ("Sayer").
12. In addition to retaining Sayer to assist the Receiver with the SSP, the Receiver also retained the North American Climate Exchange ("NACX") to assist the Receiver with marketing for sale Lexin's Carbon Credits. NACX was retained by the Receiver given its expertise in the marketing and sale of emission offset credits, such as the Carbon Credits.
13. The marketing and sales process undertaken by NACX is set-out in detail at paragraphs 41-50 and Appendices 7 and 8 of the Sixth Report.
14. Following this process, NACX presented the Receiver with Conoco's offer to purchase the Carbon Credits. Based upon NACX's advice to the Receiver that the Conoco offer was only slightly lower than a recent auction of similar credits, and given that there were no representations and warranties contained in the Conoco offer, the Receiver accepted the Conoco offer.
15. Following acceptance of the Conoco offer, the Receiver, NACX and Conoco began negotiating the terms of a definitive purchase and sale agreement.
16. The Receiver considers the EOPA to be fair, reasonable and in the best interests of the Lexin Group's stakeholders, as it will bring much needed cash flow into the Receivership proceedings.

Sealing Order

17. The Confidential Appendices contain commercially sensitive information of the Lexin Group that if disseminated could adversely affect the SSP should the EOPA fail to close.

18. The Sealing Order sought is the least restrictive and prejudicial alternative to prevent dissemination of the Lexin Group's commercially sensitive information.
19. It is fair and just in the circumstances to restrict public access to the Confidential Appendices on the terms set out in the proposed sealing order.
20. Such further and other basis as Counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

21. The Sixth Report of the Receiver, dated November 27, 2017.
22. The Confidential Appendices to the Sixth Report.
23. The pleadings and Receiver's Reports previously filed in these proceedings, and specifically the Third Report, the Fourth Report, and the Fifth Report.
24. Such further and other evidence as counsel may advise and this Honourable Court permit.

Applicable rules:

25. *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
26. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
27. Such further and other rules as counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

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

Any irregularity complained of or objection relied on:

30. None.

How the application is proposed to be heard or considered:

31. 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

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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File No. 547730/000021

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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. 1000, Cathedral Place 925 West Georgia Street Vancouver, BC V6C 3L2	
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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	
Dauntless Energy Inc. (A6H3) 1410-606 4 Street SW Calgary AB T2P 1T1	
Royalty Trust 400-144 4 Avenue SW Calgary AB T2P 3N4	
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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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Husky Oil Operations Limited (0R46) 707 8 Avenue SW PO Box 6525 Stn D Calgary AB T2P 3G7	Husky.regulatory@huskyenergy.ca
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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
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Schedule “B” Form of Order: Increase Charge

COURT FILE NUMBER **1701-03460**

COURT COURT OF QUEEN'S BENCH OF
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JUDICIAL CENTRE Calgary

APPLICANT **ALBERTA ENERGY REGULATOR**

RESPONDENT **LEXIN RESOURCES LTD., 1051393 B.C.
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LR PROCESSING LTD. and LR
PROCESSING PARTNERSHIP**

DOCUMENT **ORDER: INCREASE
RECEIVER'S BORROWINGS
CHARGE & APPROVAL OF
ACTIVITIES**

Clerk's Stamp

ADDRESS FOR SERVICE AND
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File No. 547730/000021

DATE ON WHICH ORDER WAS PRONOUNCED: December 4, 2017

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 Sixth Report of the Receiver, dated November 27, 2017 (the "**Sixth Report**"), the Affidavit of Service of ●, filed, and the pleadings and Receiver's reports previously filed herein, including the Fifth Report of the Receiver dated October 12, 2017 (the "**Fifth Report**" and together with the Sixth Report the "**Receiver's Reports**"),

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**”); **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.

Borrowings Charge

2. The Receiver’s Borrowings Charge provided by paragraph 24 of the Expanded Receivership Order, as amended by the Order of this Court granted July 14, 2017, is hereby increased from \$2,100,000 to \$2,600,000 and the Receiver shall be authorized 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 \$2,600,000.

Approval of Activities & Fees

3. The Receiver’s activities as set out in the Receiver’s Reports, each filed herein are hereby ratified and approved.
4. The Receiver’s accounts for fees and disbursements, as set out in the Sixth Report, are hereby approved and ratified without the necessity of a formal passing of its accounts.
5. The accounts of the Receiver’s legal counsel, Borden Ladner Gervais LLP, for its legal fees and disbursements, as set out in the Sixth Report, are hereby approved and ratified without the necessity of a formal passing of its accounts.

Justice of the Court of Queen’s Bench of Alberta

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

COURT FILE NUMBER **1701-03460**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF **ALBERTA ENERGY REGULATOR**

DEFENDANT **LEXIN RESOURCES LTD., 1051393 B.C. LTD.,
0989 RESOURCE PARTNERSHIP, LR
PROCESSING LTD. and LR PROCESSING
PARTNERSHIP**

DOCUMENT **SALE APPROVAL & VESTING ORDER**

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

DATE ON WHICH ORDER WAS PRONOUNCED: December 4, 2017

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 Emission Offset Purchase Agreement (the **"EOPA"**) between the Receiver as vendor (the **"Vendor"**) on behalf of the Debtors, and ConocoPhillips Canada Resources Corp. (the **"Purchaser"**), made as of November 24, 2017, a copy of which is appended as Confidential Appendix 9 to the Sixth Report of the Receiver dated November 27, 2017 (the **"Sixth Report"**); **AND UPON** having

read the Application, the Sixth Report the Affidavit of Service of ●, 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 EOPA.

Actions of the Receiver

3. The actions taken by the Receiver to date, and in particular the actions of the Receiver regarding the sale of the Emission Offsets, as reported in the Sixth Report, are hereby approved and ratified.

Approval of the EOPA and the Transaction

4. The Transaction and the EOPA are commercially reasonable and in the best interests of the Debtors and their stakeholders. The Transaction is hereby approved and the execution of the EOPA 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 EOPA as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Emission Offsets to the Purchaser.

Vesting of Property

5. 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 Emission Offsets as described in the EOPA including those listed on **Schedule “B”** hereto shall vest absolutely in the Purchaser (or its nominee), as contemplated by the EOPA, 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; and
- 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, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Emission Offsets 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 Emission Offsets.

6. 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 Emission Offsets to the Purchaser subject only to the Permitted Encumbrances. Without limiting the foregoing,

a) The Alberta Emission Offset Registry (the “**Emission Registry**”) shall and is hereby authorized, requested and directed to:

- i. cancel and discharge those Claims and Encumbrances, if any, other than Permitted Encumbrances, registered against the estate or interest of the Debtors in and to the Emission Offsets; and
- ii. transfer the emission offset credits in the name of the Debtors, or one of their predecessor corporate entities, listed in Schedule “B” into the name of the Purchaser (or its nominee) free and clear of all Claims and Encumbrances and subject only to the Permitted Encumbrances,

in order to convey clear title to such Emission Offsets to the Purchaser (or its nominee) subject only to the Permitted Encumbrances; and

b) 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 Emission Offsets.

7. The Emission Registry and the AB PPR Registrar (together the “**Governmental Authorities**”) are 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.

8. In order to effect the discharges and transfers described above, this Court directs the Governmental Authorities each to take such steps as are necessary to give effect to the terms of this Order and the EOPA authorized herein. Presentment of this Order and the Receiver’s Certificate shall be the sole and sufficient authority of the Governmental Authorities to make and register the said transfers and cancel and discharge the registrations of any Claims and Encumbrances against the Emission Offsets.

9. 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. For greater certainty, and without limiting the generality of the foregoing, the Emission Registry is hereby directed to accept all of the Affidavits of Corporate Signing Authority submitted by the Receiver, in its capacity as Receiver of the Debtors and not in its personal capacity, and to register the transfers, assignments and conveyances contemplated by the EOPA immediately.
10. No authorization or approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Emission Offsets is required for the due execution, delivery and performance by the Receiver of the EOPA, other than the authorizations, approvals or exemptions from requirements therefor previously obtained and currently in force.
11. This Order shall be registered by the Emission Registry notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
12. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Emission Offsets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Emission Offsets 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 Emission Offsets and shall attach to the net proceeds from the sale of the Emission Offsets with the same priority as they had with respect to the Emission Offsets immediately prior to the sale, as if the Emission Offsets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
13. The Receiver is hereby authorized and directed to apply the net proceeds, or any portion thereof, from the sale of the Emission Offsets towards repayment of any and all outstanding Receiver's Certificates.
14. Except as provided for in the EOPA, 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 Emission Offsets.

15. Upon completion of the Transaction, the Debtors and all persons who claim by, through or under the Debtors in respect of the Emission Offsets, and all persons or entities having any Claims of any kind whatsoever in respect of the Emission Offsets, 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 Emission Offsets, and to the extent that any such persons or entities remain in the possession or control of any of the Emission Offsets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate or interest in and to the Emission Offsets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
16. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Emission Offsets for its own use and benefit, without any interference of or by the Debtors or any person claiming by, through or against the Debtors.
17. 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.
18. 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

19. Confidential Appendices 8 and 9 to the Sixth Report (together the “**Confidential Appendices**”) 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 Appendices 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 APPENDICES TO THE RECEIVER’S SIXTH REPORT, DATED NOVEMBER 27, 2017, FILED IN COURT FILE NO. 1701-03460, WHICH SHALL BE SEALED FOR A PERIOD OF THREE (3) MONTHS FOLLOWING THE CLOSING OF THE SALE OF THE CARBON CREDITS (AS DEFINED IN THE SIXTH REPORT), PURSUANT TO AN ORDER ISSUED BY THE HONOURABLE JUSTICE B.E.

ROMAINE ON DECEMBER 4, 2017, AND IS NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICLY ACCESSIBLE.

20. The Receiver is empowered and authorized, but not directed, to provide the Confidential Appendices (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.
21. 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

22. 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 Emissions Offsets 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.

23. 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.
24. 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.
25. 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
26. No other persons are entitle to be served with a copy of this Order.
27. 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

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
DOCUMENT	<u>RECEIVER’S CERTIFICATE</u>
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

RECITALS:

- A. Pursuant to an Order of the Honourable Justice P.R. Jeffrey of the Court of Queen’s Bench of Alberta (the “**Court**”) dated March 20, 2017, Grant Thornton Limited was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Lexin Resources Ltd. (“**Lexin**”).
- B. Pursuant to an Order of the Honourable Justice K.M. Eidsvik of the Court dated June 13, 2017, the Receiver was appointed receiver of the undertaking, property and assets of 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership (collectively with Lexin the “**Debtors**”).
- C. Pursuant to an Order of the Court dated December 4, 2017, the Court approved the agreement of purchase and sale (the “**Sale Agreement**”) made between the Receiver and ConocoPhillips Canada Resources Corp. (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtors’ right, title and interest in and to the Emissions Offsets as

defined in the Sale Agreement, which vesting is to be effective upon the delivery by the Receiver to the Purchaser of a certificate confirming:

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

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

THE RECEIVER CERTIFIES the following:

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

This Certificate was delivered by the Receiver at Calgary, Alberta on ●, 2017.

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

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

SCHEDULE “B”
EMISSIONS OFFSETS

SCHEDULE “C”

ENCUMBRANCES AND CLAIMS

Part A – Non-Permitted Encumbrances

Part B – Permitted Encumbrances