District of: Alberta
Division of: 02 – Calgary
Estate No.: 25-2308957

IN THE MATTER OF THE BANKRUPTCY OF
0989 RESOURCE PARTNERSHIP

TRUSTEE'S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION

SECTION A - BACKGROUND

On June 13, 2017, Grant Thornton Limited ("**GTL**") was appointed receiver (the "**Receiver**") of 0989 Resource Partnership ("**0989**" or the "**Partnership**") pursuant to a consent receivership order ("**Receivership Order**") granted by the Court of Queen's Bench of Alberta (the "**Court**").

On October 25, 2017, pursuant to an application by the Receiver, the Court adjudged 0989 bankrupt and a bankruptcy order ("**Bankruptcy Order**") was granted appointing GTL as trustee in bankruptcy ("**Trustee**").

0989, a partnership established pursuant to the laws of British Columbia, was in the business of exploring for and producing oil and natural gas in Alberta. All 0989's assets are located in Alberta.

Further information on both the receivership and bankruptcy proceedings can be obtained from our website at: www.grantthornton.ca/Lexin.

SECTION B - PRELIMINARY EVALUATION OF ASSETS AND DETAILS OF SECURITY INTERESTS

Pursuant to the Bankruptcy Order, 0989's property, assets, and undertakings shall not vest in the Trustee, but shall remain under the control of the Receiver, and subject to the Receivership Order. Only the causes of action shall remain vested with the Trustee.

Pursuant to the Personal Property Registry of Alberta, the creditors with a registered security interest in 0989, include the following:

- MFC Energy Finance Inc.;
- 1049597 B.C. Ltd.;

- Taqa North;
- DNOW Canada ULC; and
- Field LLP.

The Receiver is continuing with its Court-approved sales process, and investigations into creditor matters as outlined in the Receiver's reports.

SECTION C – BOOKS AND RECORDS

The Receiver exercised and continues to exercise its powers to take possession of the all the books and records of the Partnership pursuant to the Receivership Order.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

The Receiver took possession and control of the assets of the Partnership pursuant to the Receivership Order.

SECTION E – CREDITORS AND PROVABLE CLAIMS

According to the Statement of Affairs, the Partnership is indebted to its creditors in the aggregate amount of $162,622,285, which was obtained from the electronic accounting records of 0989. GTL understands that accounting for these records ceased June 30, 2016, and as such, these records are not up-to-date.

The Receiver continues its investigations into creditor matters.

SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

The Trustee has not initiated any legal proceedings. Further, any actions initiated against the Partnership prior to the receivership date are stayed pursuant to the Receivership Order.

The Receiver has documented various potential reviewable transactions in its most recent Receiver's report.

SECTION G – THIRD PARTY DEPOSITS AND GUARANTEES

The Trustee holds no third party deposits or guarantees. The Trustee's fees and costs will be funded by the receivership proceedings.

SECTION H – TRUSTEE'S INTENTION TO ACT AND POSSIBLE CONFLICT OF INTEREST

As disclosed earlier in this report, GTL is acting in a dual capacity, both as the court-appointed Receiver and Trustee of the Partnership.

GTL is of the opinion that the dual appointment is appropriate in the circumstance and no conflict of interest exists.

SECTION I – PROJECTED DISTRIBUTION

As discussed earlier in this report, all the assets of 0989 are subject to the receivership proceedings.

The Receiver is continuing with its Court-approved sales process, and its investigations into creditor matters. Until this is complete, it is unknown whether there will be any distributions available to unsecured creditors.

SECTION J – OTHER MATTERS

At this time, the Trustee is not aware of any other matters affecting the administration of the bankrupt estate; however, if anyone is aware of matters that should be brought to the attention of the Trustee for further review and investigation, they should contact the Trustee's office with details and copies of any available information.

Dated at Calgary, Alberta, the 14th day of November 2017.

Grant Thornton Limited,
in its capacity as the trustee in bankruptcy of
0989 Resource Partnership
and not in its personal capacity

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