Grant Thornton

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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:	**FOURTH RECEIVER'S REPORT JULY 6, 2017**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING DOCUMENT

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Introduction

1. On March 20, 2017, on application by the Alberta Energy Regulator ("**AER**"), the Court of Queen's Bench of Alberta (the "**Court**") granted an order (the "**Receivership Order**") appointing Grant Thornton Limited (the "**Receiver**") as receiver and manager of Lexin Resources Ltd. ("**Lexin**" or the "**Company**").

2. On March 30, 2017, April 28, 2017 and June 9, 2017, the Receiver issued its First Report (the "**First Report**"), Second Report (the "**Second Report**") and Third Report **("Third Report")**, respectively. The Third Report was an abridged report that focussed solely on the Expanded Receivership Order outlined in paragraph 3 below, with the report noting that a more fulsome report would be filed at a later date.

3. On June 13, 2017, on a consent basis the Court approved a receivership order ("**Expanded Receivership Order**") adding the following Lexin related entities to the within Receivership proceedings:

    a) 1051393 BC Ltd. ("**105**");

    b) 0989 Resource Partnership ("**0989**");

    c) LR Processing Ltd. ("**LR Ltd**"); and

    d) LR Processing Partnership ("**LR Partnership**");

    (collectively the "**Additional Lexin Entities**"). A copy of the Expanded Receivership Order is attached as **Appendix 1**.

4. The purpose of this report (the "**Fourth Report**") is to:

    a) provide additional background on the Company and the Additional Lexin Entities, their organizational structure and assets, to the extent this information is currently known to the Receiver;

b) provide this Court and other interested parties with a summary of the activities of the Receiver since the Second Report and additional information with respect to the Receiver's continued efforts to obtain the Records of the Company, including the status of the document review process outlined in the Document Protocol Order ("**DPO**") of April 4, 2017 and the Receiver's Court application regarding this matter;

c) provide information on a sales process the Receiver proposes to conduct, subject to the approval of this Court; and

d) provide information on the financial position of the receivership and estimated projections of the Receiver's cash requirements for purposes of increasing the Receiver's borrowing powers.

5. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein shall adopt the meaning as defined in the Receivership Order, the AER's originating application materials, the affidavit of Laura Chant sworn on March 11, 2017 (the "**Chant Affidavit**") and the Receiver's previous reports.

Limitations of Report

6. The information contained in the Fourth Report has been obtained from the available records of the Company, publicly available information, information obtained from various Company stakeholders, and discussions with former Lexin employees. The information was not audited nor otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about the Company. Accordingly, we do not express an opinion or any other form of assurance on the information presented herein. The Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this report.

7. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction, or use of the Fourth Report. Any

use that any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

8. A copy of the Fourth Report and other relevant documents in the receivership proceedings are available on the Receiver's website at: www.grantthornton.ca/Lexin.

Confidential Appendices

9. In order to avoid publically disclosing certain information that would be prejudicial to third parties or the Receiver's efforts to maximize realizations from the sale of the Company's or Additional Lexin Entities' property, prior to completing the sale of that property, the Receiver has marked certain appendices to this report as confidential and omitted them from the report that will form part of the public record. These confidential appendices have been submitted to the Court for review and the Receiver will be applying for an order sealing these appendices until further order of the Court.

Background

10. Lexin is a privately held corporation formed pursuant to the laws of British Columbia. The Company was engaged in the business of oil and gas exploration and production in Alberta.

11. The events leading up to the receivership of Lexin were outlined in the Chant Affidavit and in the First Report. In summary, Lexin had numerous regulatory orders issued against it by the AER which resulted in the suspension of all of Lexin's AER regulated assets. In an unprecedented step taken by the AER, the AER sought the appointment of a receiver to realize upon the assets of Lexin, attend to stakeholder and creditor issues in an orderly fashion and help address many of the outstanding environmental and safety issues at the Sites and the Abandoned Sites in a court supervised process.

12. Further background on the Company, its assets and events leading up to the receivership proceedings are available by reviewing the Chant Affidavit and materials filed in the proceedings.

Organizational Structure

13. In the First Report, the Receiver attempted to ascertain the organizational structure of Lexin and related entities. Our understanding of these intercompany relationships was, and still remains, based largely on current and historical corporate searches.

14. Since the issuance of the Receiver's Second Report, the Receiver has become aware of two additional related entities, 1059032 B.C. Ltd. ("**1059**") and MFC Energy Holding Austria GmbH ("**MFC Austria**") which are relevant to these proceedings as a result of various transfers of property belonging to either Lexin or 0989.

15. The following is a table of defined terms used in the Second Report for the entities involved as updated for the inclusion of the above noted entities. The defined terms for each of these entities shall include their predecessor names as noted in the table below.

	Current Name of Entity	Predecessor Name of Entity (prior to name change)	Defined Term hereafter
a	Lexin Resources Ltd.	MFC Energy Corp. Compton Petroleum Corporation	**"Lexin"**
b	0989 Resource Partnership	MFC Resource Partnership Compton Resource Partnership	**"0989"**
c	1051393 BC Ltd.	n/a	**"105"**
d	LR Processing Ltd.	MPP Ltd. 1045034 Alberta Ltd.	**"LR Ltd."**
e	LR Processing Partnership	MFC Processing Partnership Mazeppa Processing Partnership	**"LR Processing"**
f	1049597 BC Ltd.	n/a	**"597"**
g	MFC Energy Finance Inc.	1041189 BC Ltd.	**"Finance"**
h	1059032 BC Ltd.	n/a	**"1059"**
i	Notine Holdings Inc.	1049601 BC Ltd.	**"Notine"**
j	MFC Energy Holding Austria GmbH	Global Bulk Transport GmbH Compton Petroleum Austria GmbH Compton Holding Austria GmbH	**"MFC Austria"**
k	Jixin Energy Inc.	MFCE Resources Ltd.	**"Jixin"**
l	MFC Bancorp Ltd.	MFC Industrial Ltd.	**"Bancorp"**

16. The following is an update on the entities listed above where there is additional information of relevance since the date of the Receiver's Second Report.

Director Resignation

17. On June 21, 2017, the Receiver received copies of Michael Smith's resignation: i) as director of Lexin on June 19, 2017; ii) as director of 105 on June 21, 2017; and iii) as director of LR Ltd. on November 26, 2016, which is also the date of LR Ltd.'s initial bankruptcy order. As far as is known to the Receiver, Mr. Smith was the sole director of each of these companies. The Receiver is not aware of any person replacing Mr. Smith as director of these entities.

Finance

18. The Receiver has made several requests for a full accounting of the secured loan stated to have been advanced by Finance to 0989 (guaranteed by Lexin) totalling approximately $37.5 million for which Finance advises approximately $15 million remains owing (the "**Secured Loan**"). The Receiver continues to await that accounting.

19. The Receiver has been advised by Finance, through its counsel at Lerners LLP ("**Lerners**"), that in addition to the financial information contained in the Second Report:

    a) $4,768,374 of the Secured Loan was repaid on December 29, 2015 by way of a transfer of 4,768,374 shares of 1059 from 0989 to Finance at an ascribed value of $1.00 per share; and

    b) $890,000 of the Secured Loan was further reduced on February 7, 2017 through the sale of seismic data to Finance, purportedly owned by 0989.

1059

20. 1059 was incorporated on December 18, 2015 pursuant to the laws of British Columbia. Its registered office and records information is listed as with Sangra Moller LLP. A copy of the corporate search on 1059 is attached as **Appendix 2** to this report.

21. Based on this search, Samuel Morrow and Ferdinand Steinbauer, both officers of Bancorp, are listed as 1059's directors.

22. The Receiver has recently been advised that the business purpose behind 1059 was to hold undeveloped freehold lands owned by 0989. The Receiver is unable to verify this information due to its lack of access to Records, as further detailed in this report.

23. As noted above, 0989 held 4,768,374 shares in 1059, which the Receiver understands were obtained as consideration for the transfer of undeveloped lands owned by 0989. The Receiver has been advised that the 1059 shares were transferred to Finance in exchange for a reduction of amounts owing under the Secured Loan, as outlined above.

Notine

24. As outlined in the First Report, Notine received a number of producing oil and gas assets in the Niton, Alberta region from Lexin in or around the year preceding the receivership. As outlined in the Second Report, a purchase and sale agreement supporting the asset transfer provided to the Receiver by Lerners (also counsel to Notine) indicates that the purchase price for the assets was $50 million. When the Receiver asked for proof of consideration paid for the transfer valued at $50 million, it was advised by Notine that 50 million shares in Notine were issued to 0989. The Receiver was subsequently advised that 0989 sold its shares in Notine to MFC Austria for $50 million. Thereafter, the Receiver requested further information with respect to the consideration paid for the $50 million share sale.

25. On May 16, 2017, Lerners informed the Receiver that the consideration from MFC Austria for the share sale was a $50 million non-interest bearing (until demand issued) and non-assignable promissory note payable from MFC Austria to 0989. The Receiver is continuing to review this transaction.

MFC Austria

26. Following receipt of the information noted above, the Receiver's counsel requested corporate information on MFC Austria from the corporate registry authorities in Austria.

27. A copy of the current registry information on MFC Austria is attached as **Appendix 3** and a copy of the historical registry information is attached as **Appendix 4**.

28. A copy of MFC Austria's 2015 accounts, which were provided by the registry authorities as part of the above corporate registry information, are attached as **Appendix 5**.

29. Based on the above-noted registry information:

    a) Samuel Morrow and Ferdinand Steinbauer, both officers of Bancorp, are listed as two of MFC Austria's managing directors;

    b) Gerardo Cortina, a Bancorp director, is listed as one of MFC Austria's managing directors; and

    c) Michael Smith, a former director of Lexin and Bancorp director, is listed as one of MFC Austria's managing directors.

Activities of the Receiver

30. Since filing the Second Report, the Receiver has taken a number of steps, which have been categorized into the following major areas:

    a) Environmental and Safety Issues;
    b) Asset Preservation and Protection Issues;
    c) Records and DPO Issues;
    d) Creditor/Stakeholder Issues;
    e) Section 163 Issues; and
    f) Sales Process Issues.

    Each of these major areas are discussed further below with the exception of Sales Process issues, which is discussed in a separate section following the Activities of the Receiver section.

<u>Environmental and Safety Issues</u>

31. The Receiver has established a process to provide the Lexin Emergency Records ("**LER**") to the OWA following the clearing of the documents pursuant to the DPO. The Receiver

has provided all records currently required by the OWA to date, which largely focused on critical sour gas wells. The Receiver will be continuing this process with the OWA and the associated process for the WIPs in care and custody of the Sites as outlined in the DPO, the Order granted by the Court on May 15, 2017, and as discussed further herein.

32. Following the Expanded Receivership Order, the AER informed the Receiver of two environmental matters at the Mazeppa Plant and requested the Receiver's assistance to address these matters:

    a) Drainage ponds – with the drainage ponds at full capacity, the AER advised that drainage of the ponds was likely going to become necessary to prevent them from overflowing. The Receiver is working with the AER to ensure the water levels in the drainage ponds are pumped to an acceptable level and the Receiver will be responsible for costs associated with this work. These estimated costs are included in the financial projections contained within a later section of this report.

    b) Sulfinol / Sulphur –The Receiver is aware of sulfinol and sulphur inventory stored at the Mazeppa Plant. Although the Receiver does not have care and custody of the Mazeppa Plant, the Receiver informed the AER that it would be willing to assist in the disposal of the sulfinol and sulphur on the basis that: a) it could potentially be sold, generating value for the estate; and b) the removal would improve the saleability of the Mazeppa Plant. The Receiver is currently investigating its options, including whether value can be derived through a sale of one or more of these products, or whether these matters are best left to be addressed by a prospective purchaser of the Mazeppa Plant, who may be in a better position to address these matters.

<u>Asset Preservation and Protection Issues</u>

33. The following updates on the activities of the Receiver since the Second Report relate to asset preservation and protection measures, including information pertaining to the Additional Lexin Entities, to the extent known to the Receiver.

a) Cash

i. Raiffeisen Bank International ("**RBI**") - As referenced in the Second Report, the Receiver understands that Lexin maintained at least one account with RBI, a bank situated in Austria. The Receiver initially wrote to RBI in April 2017 requesting delivery of any and all funds held for Lexin's account, as well as Lexin's banking statements. RBI advised the Receiver that in order to respond to the Receiver's requests, RBI required a notarized copy of the Receivership Order authenticated by an Apostille and a power of attorney allowing BLG to act as the Receiver's legal counsel. The Receiver has obtained each of the documents requested by RBI, as well as obtained a notarized copy of the Expanded Receivership Order authenticated by an Apostille, and forwarded same to RBI's attention. The Receiver has requested RBI deliver to the Receiver any and all funds held for Lexin's or any of the Additional Lexin Entities' account, as well as all associated banking records (to the extent the Additional Lexin Entities' have or had bank accounts at RBI). This request included 0989, which, as outlined in the Receiver's First Report was asserted by Finance to have received the Secured Loan on June 30, 2015.

ii. Toronto Dominion ("**TD**") Bank – Following the Expanded Receivership Order, the Receiver sent a letter to TD requesting bank account information for the Additional Lexin Entities on the assumption that the Additional Lexin Entities, like Lexin, banked at TD. The Receiver is corresponding with TD to obtain the requested information.

b) Accounts Receivable

i. Revenue – On May 29, 2017, the Receiver received a cheque from Cargill for $63,367 for natural gas sales and GST arising from the reconciliation of Lexin's April gas inventory in the Nova system. These funds, net of the GST component, were placed in a separate trust account as the Receiver is not presently in a position to determine the amount of any royalty and WIP interests that may be owing from these funds.

ii. Operating Partners – the Receiver had issued letters to 53 companies identified by AER as being the licensees for wells and facilities in which Lexin was listed as having a working interest. These letters requested any present and future funds owing to Lexin be forwarded to the Receiver. The Receiver sent the same letter to these parties in its capacity as Receiver of 0989 shortly after the Expanded Receivership Order was granted. To date, no funds have been received from operating partners in respect of either Lexin or 0989 working interests. The Receiver will be attempting to gain access to the EnergyLink system used by the oil and gas industry for conducting non-operated joint venture and contract operations in order to facilitate its investigations into these matters.

c) Seismic

i. Shortly after its appointment as Receiver of Lexin, the Receiver was advised that various parties had potentially purchased, or were in the process of purchasing Lexin's seismic data. After making several inquiries, the Receiver was advised by Lerners, in May, 2017, that Finance had purchased Lexin's seismic data and provided the Receiver with documentation indicating the purchase had occurred approximately one month prior to the receivership, for total consideration of $890,000 which the Receiver was advised was applied to reduce the indebtedness owing to Finance under the Secured Loan. As part of this process, Lerners informed the Receiver that some of this seismic data was located at two seismic companies. The Receiver has since sent letters to both of these companies inquiring on this matter, but has not yet received a response.

ii. In June 2017 the Receiver received $12,736 plus GST from Pulse Seismic ("**Pulse**") for Lexin's 5.66% non-operated interest in a Ghost Pine area seismic sale that Pulse marketed for ConocoPhilips, the operating partner for this seismic.

d) Leases

i. As discussed in previous Receiver's reports, Lexin's Crown and freehold mineral leases are in arrears, although the Receiver is unable to ascertain the status of these leases simply by a review of Lexin's records. The Receiver is in the process of utilizing Accumap information to help refine its investigations into the various Crown and freehold mineral lease and surface leases and intends to use the sales process to determine which leases should be re-instated or maintained, as applicable.

e) Equipment/Vehicles

i. The Receiver has identified various pieces of office equipment located at Lexin's former leased premises that it has transported to its Westkey Self-Storage location for future disposition, as all leased locations have now been vacated following the removal of all the Records.

ii. The Receiver has sold four Lexin vehicles for net proceeds of approximately $59,000 that it transported to an auction company following its appointment as Receiver of Lexin. The Receiver is aware of three additional vehicles that are registered to LR Ltd. and is in the process of taking steps to realize upon these vehicles.

f) Insurance

i. Property – immediately after the Expanded Receivership Order, the Receiver obtained property insurance on all of the oil and gas equipment previously insured by Lexin on behalf of 0989 and LR Processing at the replacement cost values previously insured by Lexin, with the exception of insurance on the Callum gas plant that was dismantled and sold prior to the Receivership

Order. The annual policy cost has been broken down into three payment instalments with the second instalment due in four months. This date is after the bid deadline contained in the sales process, such that the Receiver will be in a position to determine the proper insurance requirements at that time and will adjust insurance coverage accordingly.

ii. Liability - Marsh received a preliminary indication of pricing for liability insurance from a European insurer that Marsh and the Receiver are continuing to work with in order to obtain and provide the required due diligence information to assist in moving this matter forward. This process has been hampered by the Receiver's lack of access to Records and the negative publicity surrounding Lexin, which has adversely affected the ability of Lexin to obtain coverage.

Records and DPO Issues

34. The following are updates on the activities of the Receiver since the Second Report as it relates to Records and DPO issues.

35. As outlined in the Second Report, the Receiver has sent several requests for corporate minute books and other corporate records to each of Sangra Moller LLP and MEG. MEG is listed as Lexin's registered office, transferred from Sangra Moller LLP three days after the date of the Receivership Order. Michael Smith is listed as the sole direction of MEG. The Receiver sent similar letters to Sangra Moller LLP, as registered office of the Additional Lexin Entities following the Expanded Receivership Order. The Receiver has not yet received any of these corporate minute books or any other corporate or partnership records. Sangra Moller LLP originally advised the Receiver that it was obtaining independent legal advice to deal with the requests for Lexin's records. No response has been received to date in respect of the requests for the Additional Lexin Entities' records.

36. In addition, the Receiver has not received the documents listed by Mr. Smith within his memo of documents to be delivered to the Receiver's counsel dated April 24, 2017, a document that was contained within Appendix 7 of the Second Report.

37. Over 4,700 banker's boxes are now being stored at Calgary Archives and have been catalogued and indexed pursuant to the DPO, as outlined further herein. Aside from documents that will remain at the various field offices and facilities, these 4,700+ boxes represent the entirety of the known records of Lexin.

38. As outlined in the Second Report, the Paper Records (as defined in, and subject to the DPO) are divided into two categories:

    a) Lexin Emergency Records ("**Emergency Records**") – these are records identified by the Receiver as being immediately releasable to OWA for public safety purposes regarding their use in the care and custody of the Sites following a process whereby Groia & Company are notified of the catalogued list of such documents by the Receiver.

    b) Reviewable Paper Records ("**Paper Records**") – these are records which Groia & Company may review for privilege claims prior to review by the Receiver.

39. With one exception, Groia & Company have reviewed all of the Paper Records requested, now located at Calgary Archives. There remains one final batch of documents for which an indexed list has been provided. The Receiver had agreed to toll the period in which Groia & Company had to notify the Receiver if it wishes to review the Paper Records listed on the index, while the AER and Lexin entered into negotiation to resolve certain outstanding issues as between them. The Receiver understands that those negotiations have completed and as such, is proceeding with Groia & Company to conclude the final review of the Lexin Paper Records.

40. Indexes for all of the Emergency Records have been provided to Groia & Company. As such all of the Emergency Records are releasable to the OWA and WIPs upon requests received for the Sites under their care and custody.

41. A significant number of Lexin's records appear to be contained on a number of servers which the AER had previously recovered from a landlord seizure. As outlined in the Second Report, due to the poor condition of the servers, the process for recovering the electronic

Records under the DPO involves a two-phased process, the first being a document imaging phase ("**Phase 1**") in which the independent Database Management Specialist ("**DMS**") takes an image of the records on the servers in the event there is a malfunction and data loss upon reconnection of the servers. Under the DPO, Phase 1 is to be followed by a search term process ("**Phase 2**") managed by the DMS in which Groia & Company is to provide a confidential list of search terms to the DMS in order to identify and extract potentially privileged records from the servers. The Receiver has engaged Computer Evidence Recovery, Inc. ("**CERI**") for this purpose, who has completed the Phase 1 document imaging work.

42. The Phase 1 imaging work involved approximately twice as many hard drives as initially estimated as additional computers and related items were found in remote locations and other processes had to be conducted to safely recover the data stored on these hard drives. As a result, as discussed later in this report, the cost of this Phase 1 process was approximately twice that originally projected in the Second Report.

43. CERI is awaiting the search criteria from Groia & Company before commencing the Phase 2 search term work. CERI has not yet received these search terms, despite requests for same.

44. Based on the provisions outlined in the DPO, the high volume of Records and the situation outlined above for the electronic portion of the Records, the timing for completion of the DPO process is uncertain. The Receiver requires immediate access to the Electronic Records in order for it to be able to conduct a full and robust sales process, as outlined later in this report.

45. While the Additional Lexin Entities are not subject to the DPO and no privilege claims have been asserted on their behalf, many of these entities' records are stored on Lexin's electronic servers and databases, the Receiver's access to which is restricted until Lexin provides the search terms and Phase 2 is complete. As a result, the Receiver's efforts to access the Additional Lexin Entities' records is hampered by the costly delays in completing the DPO process.

46. Groia & Company have provided several indexes of documents marked "privilege" to the Receiver, one of which was contained in correspondence dated April 17, 2017, attached as Appendix 10 to the Second Report. The Receiver was of the view that the general descriptions provided by Groia & Company were not sufficient to allow the Receiver to determine whether the privilege claims being asserted were appropriate, and sought relief from the Court on May 8, 2017 in this respect.

47. Pursuant to the order granted on May 8th (the "**May 8 Order**"), Groia & Company was directed to provide further and better particulars of the records marked as privileged in the April 17, 2017 correspondence. The Receiver received further and better particulars from Groia & Company on July 4, 2017. The Receiver is in the process of reviewing the list and will determine next steps with respect to the asserted privilege.

48. As referenced in the Second Report, the Receiver has been made aware that the licenses for much of the software that Lexin and the Additional Lexin Entities utilized has expired or was in default for non-payment. The Receiver has started to investigate software licensing and access issues in contemplation of ultimately gaining access to Lexin's electronic 'environment'. The preliminary results of this investigation are as follows:

    a) CGI (enVision) – to the best of the Receiver's knowledge, this software was Lexin and certain of the Lexin Additional Entities' accounting software. Based on a conversation with CGI, the software was maintained on a server at CGI's Regina offices and was accessed remotely by Lexin. The estimated costs to re-activate the software license (for a minimum one-year period) and access the data, as obtained from CGI, is approximately $10,000, which has been included in the financial projections outlined later in this report. Obtaining the accounting information for the receivership entities is considered integral to the Receiver's ability to fulfill its Court-appointed duties.

    b) Dakota Analytics (Hyperion) – this was Lexin's reporting software that allowed Lexin to produce in-house reports, such as the lease operating statements for its oil and gas operations. The lease operating statements, to the extent they can be relied upon, may be integral to any purchaser's due diligence in a sales process. Based on the Receiver's discussions with Dakota Analytics, the software needs to be reconfigured to return it to a functional state. The cost associated with this reconfiguration has been estimated at $5,000 and is included in the financial projections outlined later in this report.

c) P2 (CS Explorer) – this was Lexin's land and contract management software that is be integral to any purchaser's due diligence in a fulsome and robust sales process. The cost to re-activate the software has been obtained from P2 and estimated at approximately $10,000. This number has been included in the financial projections outlined later in this report.

Creditor/Stakeholder Issues

49. The following are updates on the activities of the Receiver since the Second Report as it relates to Creditor/Stakeholder issues:

a) PPR registrants – the Receiver's legal counsel continues to review the responses it has received to its letters and follow-up letters sent to registrants requesting the supporting documentation for their PPR registrations.

b) Land title registrants – utilizing the Company's insurance listing, the Receiver has obtained land title searches on all of the lands where facilities are present in order to identify entities who have registered charges, and has started issuing letters to these registrants requesting supporting documentation for such charges.

c) WIPs – as outlined in the Second Report, multiple requests for Records have been made of the Receiver from certain of the WIPs pertaining to specific Sites under their care and custody. This matter was addressed in the May 8th Order by providing a process whereby the WIPs can gain access to these Records, a process the Receiver can undertake now that the Lexin Emergency Records have been fully documented.

d) Regulatory matters – Further to the Second Report, on June 27, 2017, the Court granted an Order declaring that the stay of proceedings did not operate to stay the application by landowners before the AER for reconsideration of the issuance of licenses to Lexin with respect to the two critical sour gas wells located within the city limits of Calgary.

e) General creditors – the Receiver has continued to respond to general creditor inquiries and add to the list of creditors created by the Receiver in the absence of creditor listings typically obtained from the accounting records, given the Receiver's lack of ability to access these records to date.

f) Notice and Statement of Receiver ("**Notice**") – the Receiver will be issuing Notices to creditor of the Additional Lexin Entities and a more fulsome Notice to Lexin's creditors when it has obtained access to the Records.

50. The Receiver has been advised by the AER that it has reached a settlement agreement with former Lexin management, including Michael Smith, with respect to certain outstanding disputed matters, including but not limited to the AER declarations under section 106 of the Oil and Gas Conservation Act naming Michael Smith, among others, as indebted to the AER, as well as other matters. The Receiver was not privy to the settlement discussions as between the AER and former Lexin management, nor has it been provided with a copy of the settlement agreement but understands that as part of the settlement, former Lexin management have agreed to provide cooperation to the Receiver in the exercise of its duties. The Receiver has reviewed the news release issued by the AER on June 13, 2017 outlining the settlement, together with the Agreed Statement of Facts appended to the news release. A copy of the news release and the agreed statement of facts is attached to this Fourth Report as **Appendix 6**.

<u>Section 163 Examination Issue</u>

51. As explained in more detail in the Second Report, the Receiver sought the powers of examination afforded to a trustee in bankruptcy pursuant to Sections 163-167 of the BIA.

These powers were granted in the May 8th Order, details for which are contained in that Order, appended as Appendix 1 to the Third Report.

52. Lexin has appealed that portion of the May 8th Order granting such examination powers to the Receiver.

Sales Process

General

53. The Receiver has continued to compile a list of the information required to commence a full and robust sales process, the vast majority of which is dependent upon the Receiver's ability to gain unfettered access to the Electronic Records.

54. The Receiver has continued to document parties interested in purchasing the oil and gas assets of Lexin and the Additional Lexin Entities and has responded to these parties informing them that they have been added to a list of potential purchasers that will be notified when the Receiver is in a position to commence a sales process.

55. The Receiver has met with some prospective purchasers to gain a greater understanding of the issues involved in the sale of the assets from their perspective.

56. The Receiver continues to be in communication with Caledonian regarding their potential plan to resume production as referenced in the Second Report.

57. Given the relatively quick timing associated with the Receiver's proposed sales process and regulatory issues associated with the resumption of production at Lexin-licensed sites, the Receiver does not believe any plan to resume production during the course of the receivership is realistic in the circumstances.

Sales Advisor

58. Following the Expanded Receivership Order, the Receiver issued a Request for Proposal ("**RFP**") to three prospective sales advisors, a copy of which is appended to this Fourth

Report as **Appendix 7**. The list of prospective advisors was compiled in consultation with the AER, Lexin, and Finance.

59. Following the June 20, 2017 bid deadline established in the RFP and after a confidential information exchange process conducted with the prospective sales advisors, the Receiver received two proposals.

60. Based on the merits of the proposals and with the input of the stakeholders, the Receiver selected Sayer Energy Advisors ("**Sayer**") as its prospective sales advisor. Sayer and the Receiver have signed an engagement letter that is subject to Court approval. A copy of this engagement letter and details on the proposals received is attached as **Confidential Appendix 8** to this Report, which Confidential Appendix the Receiver is requesting be sealed until further Order of this Court.

<u>Finance input</u>

61. Legal counsel for Finance wrote a letter to the Receiver outlining their view of the information required to run a sales process and proposing the Receiver's use of Robert Chenery, Lexin's former President and Chief Operating Officer prior to 2016, to aid in facilitating the information needs for a sales process. A copy of the letter is appended as **Appendix 9** to this report.

62. The Receiver responded to this letter with a letter attached as **Appendix 10** to this report, among other things, clarifying the need for the Receiver to maintain control of the records and other information to be included in a data room.

63. The Receiver followed up its correspondence with a meeting with Mr. Chenery at Sayer's offices on June 28, 2017. During this meeting, Mr. Chenery provided some background information of benefit to the Receiver regarding the proposed sales process however, it is the Receiver's view that access to the Records will be required for the sales process.

Proposed Sales Process

64. The Receiver has prepared a proposed sales process document, which is appended as **Appendix 11** to this report.

65. A tabular summary of the key deadlines of the proposed sales process is as follows, which dates are subject to change at the discretion of the Receiver:

Event	**Date**
Court approval	Friday, July 14, 2017
Launch marketing campaign	Monday, August 7, 2017
Bid deadline	Friday, September 15, 2017

66. The Receiver recognizes that the present deficiency in many of the information needs of prospective purchasers relative to a standard sales process, including, but not limited to mineral and surface lease status, equipment ownership status, associated contract status and priority claims status may limit the amount of prospective buyers and the conditional nature of offers, depending on the ability to have these deficiencies rectified by the bid deadline. For this reason, the Receiver anticipates conditional offers at the bid deadline date.

67. The Receiver is seeking the Court's approval of the sales process outlined in Appendix 11.

68. The Receiver believes that the proposed sales process is appropriate in the circumstances, provides the Receiver with the required time to prepare a data room in circumstances in which immediate access to records has been hindered, provides potential purchasers with sufficient time to conduct any necessary due diligence for purposes of submitting offers and gives the Receiver a reasonable opportunity to realize on assets for the benefit of the receivership parties' stakeholders.

Estate Financial Position and Projected Receipts & Disbursements

69. The Receiver has issued $1,110,000 in Receiver's Certificates to the lender, AER, which is $90,000 under the maximum borrowing level permitted by the Receivership Order, as amended by the May 8th Order.

70. The actual receipts and disbursements ("**R&D**") for the Lexin estate as at July 5, 2017, is contained in **Appendix 12** and is summarized on the following table:

Actual as at July 5, 2017	Account #1	Account #2	Total
Receipts	$ 1,191,082	60,350	1,251,432
Disbursements	957,129	-	957,129
Cash Held in Trust	$ 233,953	60,350	294,303

71. A significant amount of the expenses incurred by the estate since the receivership are related to the requirements of the DPO, which the Receiver estimates at over $450,000. These costs include DMS fees, costs associated with indexing, handling and storage of Paper Records, contractor costs associated with the reconnection of the electronic servers, and the Receiver and legal counsel's costs associated with overseeing what has been an onerous, time-consuming and expensive DPO process.

72. The projected R&D for the estate over the ensuing months to September 30, 2017, inclusive of the actual R&D above, but exclusive of the second trust account with the $60,350 of funds received from Cargill, is contained in **Appendix 13** and is summarized below:

Projected to September 30, 2017 (Account #1 only)	
Receipts	$ 2,151,082
Disbursements	2,137,560
Receipts less Disbursements	$ 13,522

73. The key underlying assumptions to these projections, inclusive of actual costs incurred to date, which projections are all cost focussed, given the non-producing nature of the properties, are contained in the footnotes of the Projected R&D, but on a high level are summarized as follows:

   a) Receiver and legal counsel costs – estimated at $1,150,000 (to date a significant portion relate to addressing immediate environmental and safety issues, the DPO as well as to extracting information pertaining to the various related party transfers).

b) DPO related costs – hard copy records transportation, estimated professional costs, archiving and indexing costs, plus electronic records data imaging and searching costs necessitated by the requirements of the DPO estimated at $450,000, not including future costs if the DPO is not dispensed.

c) Utilities – electricity, emergency response line and line-locate costs for accounts that have been placed into the Receiver's name for consolidation purposes estimated at $240,000.

d) Software licensing and consulting fees, server set-up and maintenance, sales advisor, insurance and interest expenses – estimated at $200,000.

e) Contractor (land and accounting) costs – estimated at $110,000.

f) Mineral and surface lease and property tax costs – unknown pending further research and access to Records issues, following which the Receiver will be in a better position to attempt to quantify these costs. It is the Receiver's intent to defer these expenses until the sales process has concluded, following which the Receiver will be in a better position to determine an appropriate course of action.

74. The projected R&D indicates that there are significant costs associated with the recovery of Records and compliance with the DPO, together with the anticipated sales process, utilities and related costs that support the request for the increase to the Receiver's borrowings and related charge.

75. Based on the above, the Receiver will require a $900,000 increase in its borrowing powers from $1,200,000 at present to $2,100,000.

76. This amount may be required to be increased for the various items denoted in the projected R&D as being "unknown", once the Receiver has had an opportunity to review the Records and determine its financial effects and /or as future events unfold for items such as the liability insurance matter (with indication pricing in the $200,000 cost range for an annual premium).

Recommendations

77. The Receiver respectfully recommends that the Court:

    a) Approve the Receiver's actions to date as detailed in the Fourth Report;

    b) Approve the proposed sales process outlined in Appendix 11, inclusive of the Receiver's engagement of Sayer as Sales Advisor to the Receiver pursuant to the terms outlined in the engagement letter contained in the Confidential Appendix;

    c) Approve the sealing of the Confidential Appendix until further Order of this Court;

    d) Approve an increase in the Receiver's Borrowing Powers from $1,200,000 to $2,100,000, along with a corresponding increase to the Receiver's Borrowings Charge; and

    e) Dispense with the Document Protocol process as set out in the DPO as it pertains to Lexin's Records.

78. Subject to the above, the Receiver intends to continue its administration of the receivership.

DATED at Calgary Alberta, the 6th day of July 2017.

Grant Thornton Limited,
in its capacity as receiver of
Lexin Resources Ltd., 1051393 BC Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership
and not in its personal capacity

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

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

JUDICIAL CENTRE OF CALGARY
FILED
JUN 14 2017
CALGARY
CLERK OF THE COURT

I hereby certify this to be a true copy of the original ORDER
Dated this 14 day of June 2017
for Clerk of the Court

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 Facsimile: (403) 266-1395 Email: rgurofsky@blg.com/jcameron@blg.com File No. 547730/000021

DATE ON WHICH ORDER WAS PRONOUNCED: June 13, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice K.M. Eidsvik

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 Stella Kim, 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.

21A. This Order is without prejudice to the rights of Young EnergyServe Inc. to make submissions with respect to the priority and payment for legal fees incurred in respect of the bankruptcy of LR Processing and LR Ltd., being actions BK 25-094659 and BK 25-094662.

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 statue 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 12th 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:

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

1059032 B.C. LTD.

Date and Time of Search: **May 19, 2017 12:26 PM Pacific Time**

Currency Date: April 25, 2017

ACTIVE

Incorporation Number: BC1059032

Name of Company: 1059032 B.C. LTD.

Recognition Date and Time: Incorporated on December 18, 2015 04:38 PM Pacific Time

In Liquidation: No

Last Annual Report Filed: December 18, 2016

Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Morrow, Samuel

Mailing Address:
SUITE 1860, 400 BURRARD STREET
VANCOUVER BC V6C 3A6
CANADA

Delivery Address:
SUITE 1860, 400 BURRARD STREET
VANCOUVER BC V6C 3A6
CANADA

Last Name, First Name, Middle Name:
Steinbauer, Ferdinand

Mailing Address:
1860, 400 BURRARD STREET
VANCOUVER BC V6C 3A6
CANADA

Delivery Address:
1860, 400 BURRARD STREET
VANCOUVER BC V6C 3A6
CANADA

NO OFFICER INFORMATION FILED AS AT December 18, 2016.

Appendix 3

JUSTIZ REPUBLIK ÖSTERREICH FIRMENBUCH

FB

As of 26.5.2017	Excerpt from the Business Register with up-to-date data	FN 193086 a

The basis of this excerpt is the main register amended by data from the collection of documents.
Most recent entry dated 20.09.2016 with entry number 41
Court having jurisdiction Handelsgericht Wien

BUSINESS NAME
34 MFC Energy Holding Austria GmbH

LEGAL FORM
1 Gesellschaft mit beschränkter Haftung

REGISTERED OFFICE
1 politischer Gemeinde Wien

BUSINESS ADDRESS
1 Mill.Tower 21stFloor,Handelskai 94-96
1200 Wien

LINE OF BUSINESS
1 Transport von Rohstoffen

SHARE CAPITAL
1 EUR 35.000

ANNUAL CLOSING OF ACCOUNTS DATE
2 31. Dezember

ANNUAL FINANCIAL STATEMENTS (most recent entry; for additional entries see historical data)
41 zum 31.12.2015 eingereicht am 15.09.2016

POWER OF REPRESENTATION
1 Die Generalversammlung bestimmt, wenn mehrere Geschäftsführer bestellt sind, deren Vertretungsbefugnis.

1 Erklärung über die Errichtung der Gesellschaft vom 03.03.2000 001

2 Generalversammlungsbeschluss vom 03.07.2001 002
Änderung des Gesellschaftsvertrages in § 4.

5 Generalversammlungsbeschluss vom 12.12.2001 003
Neufassung der Erklärung über die Errichtung der Gesellschaft.

18 Generalversammlungsbeschluss vom 16.12.2005 004
Änderung der Errichtungserklärung in Punkt 3.

31 Generalversammlungsbeschluss vom 17.10.2012 005
Änderung des Gesellschaftsvertrages in den Punkten 1 und 3

32 Generalversammlungsbeschluss vom 28.05.2013 006
Änderung des Gesellschaftsvertrages im Punkt 1

34 Generalversammlungsbeschluss vom 25.03.2014 007
Änderung des Gesellschaftsvertrages im Punkt 1

MANAGING DIRECTOR (under commercial law)

B Ferdinand Steinbauer, geb. 20.09.1956
27 vertritt seit 15.11.2011 gemeinsam mit
einem weiteren Geschäftsführer oder mit einem Prokuristen

D Michael Smith, geb. 02.04.1948
27 vertritt seit 15.11.2011 gemeinsam mit
einem weiteren Geschäftsführer oder mit einem Prokuristen

N Gerardo Cortina Lelo De Larrea, geb. 26.10.1955
37 vertritt seit 25.08.2014 gemeinsam mit
einer Geschäftsführerin/einem Geschäftsführer oder einer
Prokuristin/einem Prokuristen

O Samuel Morrow, geb. 01.06.1984
37 vertritt seit 25.08.2014 gemeinsam mit
einer Geschäftsführerin/einem Geschäftsführer oder einer
Prokuristin/einem Prokuristen

PROKURIST (authorised officer)

J Roland Schulien, geb. 13.10.1952
36 vertritt seit 10.07.2014 gemeinsam mit
einem/einer Geschäftsführer/in oder einer/einem weiteren
Prokuristin/Prokuristen

K Mag. Marco Pecoraro, geb. 29.07.1975
36 vertritt seit 10.07.2014 gemeinsam mit
einem/einer Geschäftsführer/in oder einer/einem weiteren
Prokuristin/Prokuristen

		SHAREHOLDER/PARTNER	SHARE INTEREST	PAID IN
	M	MFC INDUSTRIAL LTD.		
29		....	EUR 35.000	
35		....		EUR 35.000
		Summen:	EUR 35.000	EUR 35.000

--- PERSONS/ENTITIES ---

1 B Ferdinand Steinbauer, geb. 20.09.1956
27 Handelskai 94-96, Millennium Tower,
21st Floor
1200 Wien

5 D Michael Smith, geb. 02.04.1948
18 8th Fl.,Dina H.,Ruttonjee C.,11Duddell
HKG- Central Hong Kong, Street

16 J Roland Schulien, geb. 13.10.1952
27 Handelskai 94-96, Millennium Tower,
21st Floor
1200 Wien

28 K Mag. Marco Pecoraro, geb. 29.07.1975
27 Handelskai 94-96, Millennium Tower,
21st Floor
1200 Wien

29 M MFC INDUSTRIAL LTD.
29 (Registrar of Companies Province of British
Columbia, Canada BC0778539)
29 1000 Cathedral Place, 925 West Georgia
Street
CAN- Vancouver BC V6C 3L2

37 N Gerardo Cortina Lelo De Larrea, geb. 26.10.1955
37 Bosques de Alisos 47-B, Oficina A1-01
Bosques de las Lomas Cuajimalpa, D.F.
MEX-05120 Mexica

37 O Samuel Morrow, geb. 01.06.1984
37 Handelskai 94-96
Millennium Tower, 21st Floor
1200 Wien

```
-------------------- LIST OF ENTRIES EFFECTED ---------------------------------

Handelsgericht Wien

  1 eingetragen am 16.03.2000                Geschäftsfall  72 Fr  3013/00 g
      Antrag auf Neueintragung einer Firma  eingelangt am 14.03.2000
  2 eingetragen am 30.08.2001                Geschäftsfall  72 Fr 10814/01 m
      Antrag auf Änderung  eingelangt am 17.07.2001
  5 eingetragen am 15.01.2002                Geschäftsfall  72 Fr   519/02 g
      Antrag auf Änderung  eingelangt am 08.01.2002
 16 eingetragen am 06.10.2005                Geschäftsfall  72 Fr 10946/05 t
      Antrag auf Änderung  eingelangt am 27.09.2005
 18 eingetragen am 04.02.2006                Geschäftsfall  72 Fr  1158/06 g
      Antrag auf Änderung  eingelangt am 30.01.2006
 27 eingetragen am 17.11.2011                Geschäftsfall  72 Fr 22049/11 y
      Antrag auf Änderung  eingelangt am 15.11.2011
 28 eingetragen am 18.11.2011                Geschäftsfall  72 Fr 22207/11 f
      Einschreiten von Amts wegen
 29 eingetragen am 12.07.2012                Geschäftsfall  72 Fr  7764/12 z
      Antrag auf Änderung  eingelangt am 10.07.2012
 31 eingetragen am 27.11.2012                Geschäftsfall  72 Fr 14719/12 b
      Antrag auf Änderung  eingelangt am 17.10.2012
 32 eingetragen am 12.06.2013                Geschäftsfall  75 Fr  5901/13 s
      Antrag auf Änderung  eingelangt am 10.06.2013
 34 eingetragen am 17.04.2014                Geschäftsfall  75 Fr  3687/14 v
      Antrag auf Änderung  eingelangt am 15.04.2014
 35 eingetragen am 13.05.2014                Geschäftsfall  73 Fr  4928/14 d
      Antrag auf Änderung  eingelangt am 08.05.2014
 36 eingetragen am 16.07.2014                Geschäftsfall  73 Fr  7614/14 d
      Antrag auf Änderung  eingelangt am 14.07.2014
 37 eingetragen am 05.09.2014                Geschäftsfall  73 Fr  9777/14 i
      Antrag auf Änderung  eingelangt am 28.08.2014
 41 eingetragen am 20.09.2016                Geschäftsfall  73 Fr 11823/16 k
      Elektronische Einreichung Jahresabschluss  eingelangt am 15.09.2016


------------- INFORMATION OF THE AUSTRIAN CENTRAL BANK (OeNB)  ---------------

 zum 26.05.2017 gültige Identnummer: 4594339

generated from clearing center MANZ ************************************ HA021
court fees: EUR 3.36 ********* 26.05.2017 11:13:58,000 38630575 ** LINES : 102
```

Business Register **retrieved 26.5.2017, at 11:13:58 CET**

Appendix 4

JUSTIZ REPUBLIK ÖSTERREICH FIRMENBUCH

FB

As of 26.5.2017 | **Excerpt from the Business Register with historical data** | **FN 193086 a**

The basis of this excerpt is the main register amended by data from the collection of documents.
The historical data as of 26.05.2017 are ~~crossed out~~. Cancelled legal entities and branches are marked with a '#' in the margin.

Most recent entry dated 20.09.2016 with entry number 41
Court having jurisdiction Handelsgericht Wien

BUSINESS NAME
1 ~~Global Bulk Transport GmbH~~
31 ~~Compton Petroleum Austria GmbH~~
32 ~~Compton Holding Austria GmbH~~
34 MFC Energy Holding Austria GmbH

LEGAL FORM
1 Gesellschaft mit beschränkter Haftung

REGISTERED OFFICE
1 politischer Gemeinde Wien

BUSINESS ADDRESS
1 Mill.Tower 21stFloor,Handelskai 94-96
1200 Wien

LINE OF BUSINESS
1 Transport von Rohstoffen

SHARE CAPITAL
1 EUR 35.000

ANNUAL CLOSING OF ACCOUNTS DATE
1 ~~30. September~~
2 31. Dezember

ANNUAL FINANCIAL STATEMENTS
3 ~~zum 31.12.2000 eingereicht am 27.09.2001~~
7 ~~zum 31.12.2001 eingereicht am 09.09.2002~~
11 ~~zum 31.12.2002 eingereicht am 02.09.2003~~
14 ~~zum 31.12.2003 eingereicht am 29.09.2004~~
15 ~~zum 31.12.2004 eingereicht am 12.09.2005~~
19 ~~zum 31.12.2005 eingereicht am 12.09.2006~~
20 ~~zum 31.12.2006 eingereicht am 16.11.2007~~
21 ~~zum 31.12.2007 eingereicht am 14.08.2008~~
22 ~~zum 31.12.2008 eingereicht am 01.09.2009~~
25 ~~zum 31.12.2009 eingereicht am 11.08.2010~~
26 ~~zum 31.12.2010 eingereicht am 05.08.2011~~
30 ~~zum 31.12.2011 eingereicht am 19.09.2012~~
33 ~~zum 31.12.2012 eingereicht am 26.09.2013~~
38 ~~zum 31.12.2013 eingereicht am 03.10.2014~~
39 ~~zum 31.12.2014 eingereicht am 22.09.2015~~
41 zum 31.12.2015 eingereicht am 15.09.2016

POWER OF REPRESENTATION
1 Die Generalversammlung bestimmt, wenn mehrere Geschäftsführer bestellt sind, deren Vertretungsbefugnis.

1 Erklärung über die Errichtung der Gesellschaft 001

vom 03.03.2000
2 Generalversammlungsbeschluss vom 03.07.2001 002
Änderung des Gesellschaftsvertrages in § 4.
5 Generalversammlungsbeschluss vom 12.12.2001 003
Neufassung der Erklärung über die Errichtung der Gesellschaft.
18 Generalversammlungsbeschluss vom 16.12.2005 004
Änderung der Errichtungserklärung in Punkt 3.
31 Generalversammlungsbeschluss vom 17.10.2012 005
Änderung des Gesellschaftsvertrages in den Punkten 1 und 3
32 Generalversammlungsbeschluss vom 28.05.2013 006
Änderung des Gesellschaftsvertrages im Punkt 1
34 Generalversammlungsbeschluss vom 25.03.2014 007
Änderung des Gesellschaftsvertrages im Punkt 1

MANAGING DIRECTOR (under commercial law)

A Jurriaan Hovis, geb. 05.10.1959
1 ~~vertritt seit 16.03.2000 selbständig~~
5 ~~vertritt seit 13.12.2001 gemeinsam mit Michael Smith oder James Carter oder Claudio Morandi oder gemeinsam mit dem Prokuristen Kilian Carrarini~~
8 ~~vertritt seit 17.10.2002 gemeinsam mit Michael Smith oder James Carter oder Ernest Herman Alders oder gemeinsam mit dem Prokuristen Kilian Carrarini~~
10 Funktion gelöscht

B Ferdinand Steinbauer, geb. 20.09.1956
1 ~~vertritt seit 16.03.2000 selbständig~~
5 ~~vertritt seit 13.12.2001 gemeinsam mit Michael Smith oder James Carter oder Claudio Morandi oder gemeinsam mit dem Prokuristen Kilian Carrarini~~
8 ~~vertritt seit 17.10.2002 gemeinsam mit Michael Smith oder James Carter oder Ernest Herman Alders oder gemeinsam mit dem Prokuristen Kilian Carrarini~~
16 ~~vertritt seit 22.09.2005 gemeinsam mit den Geschäftsführern Michael Smith oder James Carter oder Ernest Herman Alders oder gemeinsam mit dem Prokuristen Roland Schulien~~
17 ~~vertritt seit 25.10.2005 gemeinsam mit den Geschäftsführern Michael Smith oder Ernest Herman Alders oder gemeinsam mit dem Prokuristen Roland Schulien~~
23 ~~vertritt seit 26.08.2009 gemeinsam mit den Geschäftsführern Michael Smith oder Ernest Herman Alders oder gemeinsam mit den Prokuristen Roland Schulien oder Marco Pecoraro~~
24 ~~vertritt seit 02.09.2009 gemeinsam mit den Geschäftsführern Michael Smith oder Ernest Herman Alders oder gemeinsam mit den Prokuristen Roland Schulien, Marco Pecoraro oder Stefan Mikula~~
27 vertritt seit 15.11.2011 gemeinsam mit einem weiteren Geschäftsführer oder mit einem Prokuristen

D Michael Smith, geb. 02.04.1948
5 ~~vertritt seit 13.12.2001 selbständig~~
27 vertritt seit 15.11.2011 gemeinsam mit einem weiteren Geschäftsführer oder mit einem Prokuristen

E James Carter, geb. 26.07.1945
5 ~~vertritt seit 13.12.2001 selbständig~~
17 Funktion gelöscht

F Claudio Morandi, geb. 03.09.1963
5 ~~vertritt seit 13.12.2001 gemeinsam mit Jurriaan Hovis oder mit Ferdinand Steinbauer~~
8 Funktion gelöscht

I Ernest Herman Alders, geb. 08.05.1951
8 ~~vertritt seit 17.10.2002 gemeinsam mit Jurriaan Hovis oder mit Ferdinand Steinbauer~~
10 ~~vertritt seit 06.12.2002 gemeinsam mit Ferdinand Steinbauer~~
13 ~~vertritt seit 26.01.2004 gemeinsam mit dem Geschäftsführer Ferdinand Steinbauer oder dem Prokuristen Kilian Carrarini~~

16 ~~vertritt seit 22.09.2005 gemeinsam mit dem Geschäftsführer Ferdinand Steinbauer oder dem Prokuristen Roland Schulien~~
23 ~~vertritt seit 26.08.2009 gemeinsam mit dem Geschäftsführer Ferdinand Steinbauer oder den Prokuristen Roland Schulien oder Marco Pecoraro~~
24 ~~vertritt seit 02.09.2009 gemeinsam mit dem Geschäftsführer Ferdinand Steinbauer oder den Prokuristen Roland Schulien, Marco Pecoraro oder Stefan Mikula~~
27 ~~vertritt seit 15.11.2011 gemeinsam mit einem weiteren Geschäftsführer oder mit einem Prokuristen~~
36 Funktion gelöscht
N Gerardo Cortina Lelo De Larrea, geb. 26.10.1955
37 vertritt seit 25.08.2014 gemeinsam mit einer Geschäftsführerin/einem Geschäftsführer oder einer Prokuristin/einem Prokuristen
O Samuel Morrow, geb. 01.06.1984
37 vertritt seit 25.08.2014 gemeinsam mit einer Geschäftsführerin/einem Geschäftsführer oder einer Prokuristin/einem Prokuristen

PROKURIST (authorised officer)
G Kilian Carrarini, geb. 28.07.1967
5 ~~vertritt seit 13.12.2001 gemeinsam mit Jurriaan Hovis oder mit Ferdinand Steinbauer~~
6 ~~vertritt seit 02.08.2002 gemeinsam mit Jurriaan Hovis oder mit Ferdinand Steinbauer oder mit dem Prokuristen Karl Telser~~
10 ~~vertritt seit 06.12.2002 gemeinsam mit Ferdinand Steinbauer oder mit dem Prokuristen Karl Telser~~
13 ~~vertritt seit 26.01.2004 gemeinsam mit den Geschäftsführern Ferdinand Steinbauer oder Ernest Herman Alders~~
16 Funktion gelöscht
H Karl Telser, geb. 04.10.1956
6 ~~vertritt seit 02.08.2002 gemeinsam mit Michael Smith oder James Carter oder mit dem Prokuristen Kilian Carrarini~~
12 Funktion gelöscht
J Roland Schulien, geb. 13.10.1952
16 ~~vertritt seit 22.09.2005 gemeinsam mit den Geschäftsführern Ferdinand Steinbauer oder Ernest Herman Alders~~
27 ~~vertritt seit 15.11.2011 gemeinsam mit einem Geschäftsführern~~
36 vertritt seit 10.07.2014 gemeinsam mit einem/einer Geschäftsführer/in oder einer/einem weiteren Prokuristin/Prokuristen
K Mag. Marco Pecoraro, geb. 29.07.1975
23 ~~vertritt seit 26.08.2009 gemeinsam mit den Geschäftsführern Ferdinand Steinbauer oder Ernest Herman Alders~~
27 ~~vertritt seit 15.11.2011 gemeinsam mit einem Geschäftsführer~~
36 vertritt seit 10.07.2014 gemeinsam mit einem/einer Geschäftsführer/in oder einer/einem weiteren Prokuristin/Prokuristen
L Stefan Mikula, geb. 04.10.1970
24 ~~vertritt seit 02.09.2009 gemeinsam mit den Geschäftsführern Ferdinand Steinbauer oder Ernest Herman Alders~~
27 ~~vertritt seit 15.11.2011 gemeinsam mit einem Geschäftsführern~~
36 ~~vertritt seit 10.07.2014 gemeinsam mit einem/einer Geschäftsführer/in oder einer/einem weiteren Prokuristin/Prokuristen~~
40 Funktion gelöscht

SHAREHOLDER/PARTNER	SHARE INTEREST	PAID IN
A Jurriaan Hovis, geb. 05.10.1959		

1		....	~~EUR 35.000~~	
4		Funktion gelöscht		
1		....		~~EUR 17.500~~
4		Funktion gelöscht		
	C	MFC Commodities GmbH		
4		....	~~EUR 35.000~~	
29		Funktion gelöscht		
4		....		~~EUR 17.500~~
29		Funktion gelöscht		
	M	MFC INDUSTRIAL LTD.		
29		....	EUR 35.000	
29		....		~~EUR 17.500~~
35		....		EUR 35.000
		Summen:	EUR 35.000	EUR 35.000

--- PERSONS/ENTITIES ---

1 A ~~Juriaan Hovis, geb. 05.10.1959~~
2 Jurriaan Hovis, geb. 05.10.1959
1 Mill.Tower 21stFloor, Handelskai 94-96
1200 Wien
1 B Ferdinand Steinbauer, geb. 20.09.1956
1 ~~Augasse 6~~
~~8101 Gratkorn~~
27 Handelskai 94-96, Millennium Tower,
21st Floor
1200 Wien
4 C ~~Hovis GmbH.~~
9 MFC Commodities GmbH
4 (FN 35673 k)
4 Millennium Tower 21st Floor
1200 Wien, Handelskai 94-96
5 D Michael Smith, geb. 02.04.1948
5 ~~6, cours de Rieve~~
~~CHE-1211 Genf~~
18 8th Fl.,Dina H.,Ruttonjee C.,11Duddell
HKG- Central Hong Kong, Street
5 E James Carter, geb. 26.07.1945
5 23rd Avenue
CAN-12532 Surrey, B.C., Canada
5 F Claudio Morandi, geb. 03.09.1963
5 Wingertstraße 23
CHE-8424 Embrach
5 G Kilian Carrarini, geb. 28.07.1967
5 Neptunstraße 94
CHE-8032 Zürich
6 H Karl Telser, geb. 04.10.1956
6 Margaretenstraße 74/15
1050 Wien
8 I Ernest Herman Alders, geb. 08.05.1951
8 ~~Via Massagnio Nr. 26~~
~~CHE 6900 Lugano~~
18 ~~Donaueschingenstr. 34/34~~
~~1200 Wien~~
27 Handelskai 94-96, Millennium Tower,
21st Floor
1200 Wien
16 J Roland Schulien, geb. 13.10.1952
16 ~~Kleinfeldstraße 14~~
~~DEU-83607 Holzkirchen~~
27 Handelskai 94-96, Millennium Tower,
21st Floor
1200 Wien
23 K ~~Marco Pecoraro, geb. 29.07.1975~~
28 Mag. Marco Pecoraro, geb. 29.07.1975
23 ~~Aßmayergasse 66/9~~
~~1120 Wien~~
27 Handelskai 94-96, Millennium Tower,

```
              21st Floor
              1200 Wien
   24    L    Stefan Mikula, geb. 04.10.1970
   24         ~~Neubaugasse 1a~~
              ~~2475 Neudorf bei Parndorf~~
   27         Handelskai 94-96, Millennium Tower,
              21st Floor
              1200 Wien
   29    M    MFC INDUSTRIAL LTD.
   29         (Registrar of Companies Province of British
              Columbia, Canada BC0778539)
   29         1000 Cathedral Place, 925 West Georgia
              Street
              CAN- Vancouver BC V6C 3L2
   37    N    Gerardo Cortina Lelo De Larrea, geb. 26.10.1955
   37         Bosques de Alisos 47-B, Oficina A1-01
              Bosques de las Lomas Cuajimalpa, D.F.
              MEX-05120 Mexica
   37    O    Samuel Morrow, geb. 01.06.1984
   37         Handelskai 94-96
              Millennium Tower, 21st Floor
              1200 Wien


-------------------- LIST OF ENTRIES EFFECTED ---------------------------------

Handelsgericht Wien

   1 eingetragen am 16.03.2000                 Geschäftsfall  72 Fr  3013/00 g
     Antrag auf Neueintragung einer Firma  eingelangt am 14.03.2000
   2 eingetragen am 30.08.2001                 Geschäftsfall  72 Fr 10814/01 m
     Antrag auf Änderung  eingelangt am 17.07.2001
   3 eingetragen am 13.10.2001                 Geschäftsfall  72 Fr 14128/01 k
     Einreichung Jahresabschluss  eingelangt am 27.09.2001
   4 eingetragen am 05.01.2002                 Geschäftsfall  72 Fr    78/02 h
     Antrag auf Änderung  eingelangt am 21.12.2001
   5 eingetragen am 15.01.2002                 Geschäftsfall  72 Fr   519/02 g
     Antrag auf Änderung  eingelangt am 08.01.2002
   6 eingetragen am 20.08.2002                 Geschäftsfall  72 Fr  8984/02 f
     Antrag auf Änderung  eingelangt am 06.08.2002
   7 eingetragen am 11.09.2002                 Geschäftsfall  72 Fr 10168/02 x
     Einreichung Jahresabschluss  eingelangt am 09.09.2002
   8 eingetragen am 03.12.2002                 Geschäftsfall  72 Fr 15176/02 k
     Antrag auf Änderung  eingelangt am 25.11.2002
   9 eingetragen am 10.12.2002                 Geschäftsfall  72 Fr 15891/02 m
     Antrag auf Änderung  eingelangt am 05.12.2002
  10 eingetragen am 15.01.2003                 Geschäftsfall  72 Fr   228/03 m
     Antrag auf Änderung  eingelangt am 13.12.2002
  11 eingetragen am 30.09.2003                 Geschäftsfall  72 Fr 10368/03 z
     Einreichung Jahresabschluss  eingelangt am 02.09.2003
  12 eingetragen am 21.10.2003                 Geschäftsfall  72 Fr 12723/03 m
     Antrag auf Änderung  eingelangt am 16.10.2003
  13 eingetragen am 05.02.2004                 Geschäftsfall  72 Fr  1200/04 a
     Antrag auf Änderung  eingelangt am 03.02.2004
  14 eingetragen am 02.10.2004                 Geschäftsfall  72 Fr 11406/04 i
     Einreichung Jahresabschluss  eingelangt am 29.09.2004
  15 eingetragen am 14.09.2005                 Geschäftsfall  72 Fr 10124/05 h
     Einreichung Jahresabschluss  eingelangt am 12.09.2005
  16 eingetragen am 06.10.2005                 Geschäftsfall  72 Fr 10946/05 t
     Antrag auf Änderung  eingelangt am 27.09.2005
  17 eingetragen am 05.11.2005                 Geschäftsfall  72 Fr 12763/05 p
     Antrag auf Änderung  eingelangt am 02.11.2005
  18 eingetragen am 04.02.2006                 Geschäftsfall  72 Fr  1158/06 g
     Antrag auf Änderung  eingelangt am 30.01.2006
  19 eingetragen am 16.09.2006                 Geschäftsfall  72 Fr 10262/06 w
     Einreichung Jahresabschluss  eingelangt am 12.09.2006
  20 eingetragen am 23.11.2007                 Geschäftsfall  72 Fr 12239/07 k
     Einreichung Jahresabschluss  eingelangt am 16.11.2007
  21 eingetragen am 22.08.2008                 Geschäftsfall  72 Fr  9387/08 a
     Elektronische Einreichung Jahresabschluss  eingelangt am 14.08.2008
  22 eingetragen am 05.09.2009                 Geschäftsfall  72 Fr 10819/09 s
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      Elektronische Einreichung Jahresabschluss  eingelangt am 01.09.2009
   23 eingetragen am 08.09.2009                 Geschäftsfall  72 Fr 10917/09 i
      Antrag auf Änderung  eingelangt am 03.09.2009
   24 eingetragen am 17.09.2009                 Geschäftsfall  72 Fr 11352/09 z
      Antrag auf Änderung  eingelangt am 14.09.2009
   25 eingetragen am 14.08.2010                 Geschäftsfall  72 Fr 10925/10 f
      Elektronische Einreichung Jahresabschluss  eingelangt am 11.08.2010
   26 eingetragen am 24.08.2011                 Geschäftsfall  72 Fr 14803/11 t
      Elektronische Einreichung Jahresabschluss  eingelangt am 05.08.2011
   27 eingetragen am 17.11.2011                 Geschäftsfall  72 Fr 22049/11 y
      Antrag auf Änderung  eingelangt am 15.11.2011
   28 eingetragen am 18.11.2011                 Geschäftsfall  72 Fr 22207/11 f
      Einschreiten von Amts wegen
   29 eingetragen am 12.07.2012                 Geschäftsfall  72 Fr  7764/12 z
      Antrag auf Änderung  eingelangt am 10.07.2012
   30 eingetragen am 25.09.2012                 Geschäftsfall  72 Fr 11174/12 p
      Elektronische Einreichung Jahresabschluss  eingelangt am 19.09.2012
   31 eingetragen am 27.11.2012                 Geschäftsfall  72 Fr 14719/12 b
      Antrag auf Änderung  eingelangt am 17.10.2012
   32 eingetragen am 12.06.2013                 Geschäftsfall  75 Fr  5901/13 s
      Antrag auf Änderung  eingelangt am 10.06.2013
   33 eingetragen am 03.10.2013                 Geschäftsfall  75 Fr 13957/13 m
      Elektronische Einreichung Jahresabschluss  eingelangt am 26.09.2013
   34 eingetragen am 17.04.2014                 Geschäftsfall  75 Fr  3687/14 v
      Antrag auf Änderung  eingelangt am 15.04.2014
   35 eingetragen am 13.05.2014                 Geschäftsfall  73 Fr  4928/14 d
      Antrag auf Änderung  eingelangt am 08.05.2014
   36 eingetragen am 16.07.2014                 Geschäftsfall  73 Fr  7614/14 d
      Antrag auf Änderung  eingelangt am 14.07.2014
   37 eingetragen am 05.09.2014                 Geschäftsfall  73 Fr  9777/14 i
      Antrag auf Änderung  eingelangt am 28.08.2014
   38 eingetragen am 09.10.2014                 Geschäftsfall  73 Fr 15146/14 f
      Elektronische Einreichung Jahresabschluss  eingelangt am 03.10.2014
   39 eingetragen am 26.09.2015                 Geschäftsfall  73 Fr 12146/15 b
      Elektronische Einreichung Jahresabschluss  eingelangt am 22.09.2015
   40 eingetragen am 07.10.2015                 Geschäftsfall  73 Fr 15818/15 b
      Antrag auf Änderung  eingelangt am 02.10.2015
   41 eingetragen am 20.09.2016                 Geschäftsfall  73 Fr 11823/16 k
      Elektronische Einreichung Jahresabschluss  eingelangt am 15.09.2016


  ------------- INFORMATION OF THE AUSTRIAN CENTRAL BANK (OeNB)  ---------------

   zum 26.05.2017 gültige Identnummer: 4594339

generated from clearing center MANZ ************************************* HA022
court fees: EUR 5.6 ********** 26.05.2017 16:16:08,612 81895490 ** LINES : 360
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JUSTIZ
FIRMENBUCH

REPUBLIK ÖSTERREICH

FB
FIRMENBUCHDATENBANK

Jahresabschluss 31.12.2015 FN 193086a

Für die Zuordnung im Firmenbuch ist nicht der Firmenwortlaut, sondern ausschließlich die übermittelte Firmenbuchnummer maßgeblich.

FIRMA

MFC Energy Holding Austria GmbH

GESCHÄFTSJAHR

vom 01.01.2015 bis 31.12.2015
Gesellschaft mit beschränkter Haftung
Einordnung klein

VORANGEGANGENES GESCHÄFTSJAHR

vom 01.01.2014 bis 31.12.2014
Gesellschaft mit beschränkter Haftung

PDF GENERIERT AM

15.09.2016

UNTERZEICHNET VON

PRÜFWERT: 8ea692eb5489a358da0c46e5e7cbdefd

Firmenbuch
Ferdinand Steinbauer, geb 20.09.1956
am 21.06.2016

Firmenbuch
Michael Smith, geb 02.04.1948
am 21.06.2016

Firmenbuch
Samuel Morrow, geb 01.06.1984
am 21.06.2016

Firmenbuch
Gerardo Cortina Lelo De Larrea, geb 26.10.1955
am 21.06.2016

Auszug aus der Bilanz

	in EUR	Vorjahr in TEUR
AKTIVA	**6.916.697,62**	**120.921**
Anlagevermögen	**6.683.970,46**	**119.147**
Immaterielle Vermögensgegenstände	**0,00**	**0**
Sachanlagen	**0,00**	**0**
Finanzanlagen	**6.683.970,46**	**119.147**
Umlaufvermögen	**232.727,16**	**1.774**
Vorräte	**0,00**	**0**
Forderungen und sonstige Vermögensgegenstände	**210.193,63**	**1.496**
Wertpapiere und Anteile	**0,00**	**0**
Kassenbestand, Schecks, Guthaben bei Kreditinstituten	**22.533,53**	**278**
Rechnungsabgrenzungsposten	**0,00**	**0**
PASSIVA	**6.916.697,62**	**120.921**
Negatives Eigenkapital / Eigenkapital	**-59.259.861,43**	**374**
Nennkapital (Stammkapital)	**35.000,00**	**35**
Kapitalrücklagen	**0,00**	**0**
Gewinnrücklagen	**12.187,30**	**13**
Bilanzverlust / Bilanzgewinn	**-59.307.048,73**	**326**
davon Gewinnvortrag / Verlustvortrag	**326.039,45**	**-479**
Unversteuerte Rücklagen	**0,00**	**0**
Rückstellungen	**433.826,35**	**425**
Verbindlichkeiten	**65.742.732,70**	**120.122**
Rechnungsabgrenzungsposten	**0,00**	**0**

offenzulegender Anhang

Bei Ausweis eines "negativen Eigenkapitals": Erläuterung, ob eine Überschuldung im Sinne des Insolvenzrechts vorliegt (§ 225 Abs.1 UGB):

Dem zum Bilanzstichtag festgestellten Reorganisationsbedarf gemäß § 22 Abs. 1 Z 1 URG und dem negativen Eigenkapital der Gesellschaft wird mit der Abgabe einer Patronatserklärung datiert auf den 14. Juni 2016 von der MFC Bancorp Ltd. (vormals MFC Industrial Ltd.), Vancouver, Kanada, für die Dauer von 24 Monaten, beginnend ab dem Bilanzstichtag zum 31. Dezember 2015, vorgebeugt.

Jeweils zusammengefaßt für alle Posten der Verbindlichkeiten (§ 237 Z 1 in Verbindung mit § 242 Abs. 2 UGB)

Gesamtbetrag der Verbindlichkeiten mit einer Restlaufzeit von mehr als fünf Jahren:	*EUR 0,00*
Gesamtbetrag der Verbindlichkeiten mit einer Restlaufzeit von mehr als einem Jahr:	*EUR 25.900.000,00*
Gesamtbetrag der Verbindlichkeiten, für die dingliche Sicherheiten bestellt sind:	*EUR 0,00*
Art und Form dieser Sicherheiten:	

Grundlagen für die Umrechnung von Posten, die auf fremde Währung lauten (lauteten), in Schilling oder in Euro (§ 237 Z 2 UGB):

Die Forderungen und Verbindlichkeiten in fremder Währung wurden zum Bilanzstichtag mit dem gültigen Stichtagskurs gemäß der Bank of Canada bewertet.

Name und Sitz des Mutterunternehmens der Gesellschaft, das den Konzernabschluss für den größten Kreis von Unternehmen aufstellt, und ihres Mutterunternehmens, das den Konzernabschluss für den kleinsten Kreis von Unternehmen aufstellt, sowie im Fall des Offenlegung der von diesen Mutterunternehmen aufgestellten Konzernabschlüsse der Ort, wo diese erhältlich sind (§ 237 Z 12 UGB):

Die MFC Bancorp Ltd. (vormals MFC Industrial Ltd.), Vancouver ist jenes Mutterunternehmen, welches den Konzernabschluss für den größten Kreis von Unternehmen aufstellt. Die Offenlegung des entsprechenden Konzernabschlusses erfolgt über die US Securities and Exchange Commission (SEC).

Name und Sitz anderer Unternehmen, von denen das Unternehmen oder für dessen Rechnung eine andere Person mindestens den fünften Teil der Anteile besitzt, sowie Höhe des Anteils am Kapital, das Eigenkapital und das Ergebnis des letzten Geschäftsjahres dieser Unternehmen, für das ein Jahresabschluss vorliegt (§ 238 Z 2 UGB);

Name und Sitz	Höhe des Anteils am Kapital	Eigenkapital	Ergebnis des letzten Geschäftsjahres
Lexin Resources Ltd, Kanada (vormals MFC Energy Corporation, Kanada)	*66.32 %*	*EUR 0,00*	*EUR 0,00*
MFC Energy Austria GmbH, Wien	*100.00 %*	*EUR 35.000,00*	*EUR -136.747,45*
GPT Global Pellets Trading GmbH, Wien	*100.00 %*	*EUR 35.000,00*	*EUR -1.251.968,42*
Compton Coal Holding GmbH, Wien	*100.00 %*	*EUR 35.000,00*	*EUR -1.469,55*
MFC Power Ltd, Kanada	*100.00 %*	*EUR 7.436.136,13*	*EUR 1.039.615,71*
Notline Holdings Inc, Kanada (vormals 1049601 B.C. Ltd.)	*100.00 %*	*EUR 588.134,46*	*EUR 623.259,26*

Durchschnittliche Zahl der Arbeitnehmer während des Geschäftsjahrs (§ 239 Abs. 1 Z 1 UGB)

insgesamt:	*7*
davon Arbeiter:	*0*
davon Angestellte:	*7*

Mitglieder (Familienname und Vorname, § 239 Abs. 2 UGB) der Geschäftsführung und des Aufsichtsrats

Geschäftsführer:

Steinbauer Ferdinand
Gerardo Cortina Lelo De Larrea
Samuel Morrow
Michael Smith

Anlagenspiegel

Teil 1 — Anschaffungs- und Herstellungskosten — in EUR

	Stand 01.01.2015	Zugänge	Abgänge	Umbuchungen	Stand 31.12.2015
Anlagevermögen	**119.146.602,80**	**39.923.418,61**	**111.058.383,44**	**0,00**	**48.011.637,97**
Immaterielle Vermögensgegenstände	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
Sachanlagen	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
Finanzanlagen	**119.146.602,80**	**39.923.418,61**	**111.058.383,44**	**0,00**	**48.011.637,97**

Anlagenspiegel

Teil 2 in EUR

	Kumulierte Abschreibungen 31.12.2015	Buchwert 31.12.2015	Buchwert 01.01.2015	Abschreibungen des Geschäftsjahres	Zuschreibungen
Anlagevermögen	**41.327.667,51**	**6.683.970,46**	**119.146.602,80**	**41.327.667,51**	**0,00**
Immaterielle Vermögensgegenstände	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
Sachanlagen	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
Finanzanlagen	**41.327.667,51**	**6.683.970,46**	**119.146.602,80**	**41.327.667,51**	**0,00**

Alberta Energy Regulator

News Release

Calgary Head Office
Suite 1000, 250 - 5 Street SW
Calgary, Alberta T2P 0R4
Canada

www.aer.ca

Lexin agrees to cooperate with receivership, director pays $175 000

For immediate release.

Calgary, Alberta (June 13, 2017)...Lexin Resources Ltd. (Lexin) has agreed to voluntarily include its related entities into the receivership process and cooperate in addressing safety issues at Lexin sites. Today, the Alberta Court of Queen's Bench approved this addition, which will better enable the receiver to proceed with the sale of Lexin-licensed assets.

"Lexin and Mr. Smith's cooperation in the receivership process is a positive development," said AER president and CEO Jim Ellis. "I am optimistic that this cooperation will get us out of the courtroom and allow us to focus on reducing the burden placed on the Orphan Well Association, minimizing environmental risk, and getting the most economic benefit for Albertans."

Michael J. Smith, the director of Lexin, has accepted responsibility for Lexin's noncompliances and has agreed to pay $175 000 and not control any licensee or approval holder in this province. This development, in addition to an agreed statement of facts, concludes the AER's investigation into Lexin's noncompliances. Lexin, or any purchaser of a Lexin licence, must still address outstanding noncompliances.

"Our priority throughout this unprecedented situation has been to ensure the safety of Albertans and protection of the environment," said Ellis. "I strongly believe that Albertans should not be on the hook for a company's end of life obligations. We will continue to protect the interests of Albertans and safeguard the environment as we develop this province's natural resources."

Information on the noncompliances that led to the AER issuing a corporate-wide closure order and receivership order is available on the Compliance Dashboard and in the statement of facts.

Lexin sites remain shut in. The AER, the Orphan Well Association, and companies with an interest in the sites have been inspecting the sites and will continue to provide for their care and custody until the sales process is complete. For more information on the sales process, visit the receiver's website at www.grantthornton.ca/lexin.

The Alberta Energy Regulator ensures the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.

Backgrounder: Agreed Statement of Facts

For more information, please contact:

Cara Tobin, AER Public Affairs
Phone: 403-993-0664
Email: cara.tobin@aer.ca
Media line: 1-855-474-6356

NR2017-09

ALBERTA ENERGY REGULATOR

File No.: 2015-016

Date: 20170612

AGREED STATEMENT OF FACTS AND UNDERTAKING

BETWEEN

MICHAEL J. SMITH
LEXIN RESOURCES LTD.

AND

ALBERTA ENERGY REGULATOR

(collectively "the Parties")

Agreed Facts

Whereas the Alberta Energy Regulator ("AER") began an investigation into the regulatory and environmental noncompliances of Lexin Resources Ltd. ("Lexin") in August 2016;

Whereas the investigation confirmed, and Michael J. Smith ("Mr. Smith"), a director of Lexin, does not contest, that Lexin was in contravention of sections of the *Environmental Protection and Enhancement Act*, RSA 2000, c E-12 ("*EPEA*"), and *Oil and Gas Conservation Act*, RSA 2000, c O-6 ("*OGCA*"), as amended, referred to in this Agreed Statement of Facts and Undertaking ("Agreement") and as set out in detail in the orders issued by the AER; and

Whereas Mr. Smith accepts responsibility for and on behalf Lexin and its directors and officers for Lexin's noncompliances and does not contest the following facts and provides the following undertakings in resolution of these noncompliances.

Background

1. Mr. Smith was a director of Lexin at the time of the noncompliances and is the sole director of Lexin as of the date of this Agreement.
2. Lexin, an oil- and gas-producing company incorporated in British Columbia.
3. As a result of the global downturn in the oil and gas industry and other factors, Lexin was unable to obtain sufficient capital to operate its business in the ordinary course.

4. Mr. Smith is a non-resident of Canada and relied upon in-country managers and other personnel for the operations of Lexin.

5. Lexin is an AER licensee that currently holds 1662 operational licences (1380 wells, 81 facilities, and 201 pipelines) and licences for 134 abandoned wells, 5 abandoned facilities, and 6 abandoned pipelines.

6. Lexin, Smith and the AER have agreed to work together cooperatively to resolve all outstanding matters.

7. On March 20, 2017, the Court appointed Grant Thornton Limited the receiver pursuant to section 234(1) of the *Bankruptcy and Insolvency Act* and Section 13(2) of the *Judicature Act* of all of Lexin's current and future assets, undertakings, and properties, excluding any oil or gas wells, pipelines, or facilities located outside the province of Alberta or regulated by an entity other than the AER.

8. Solely for oil and gas regulatory purposes in Alberta, and as the basis for the resolution and undertakings referred to in paragraph 36, Mr. Smith does not contest the facts and consequences set out in this Agreement.

Circumstances

9. In April 2016, Lexin was directed by the AER in an environmental protection order issued under section 113 of *EPEA* to address, with the other working interest participants (WIPs) in the site in question, a serious surface casing vent flow issue. On June 1, 2016, one of the WIPs contacted the AER to advise that Lexin had not paid its share of the costs and was not returning calls.

10. Around April 2016, Lexin ceased to report its production volumes and other similar data to Petrinex, the data collection and management organization to which licensees are required to report. Because Lexin has not been reporting to Petrinex, the revenues it has been generating from its AER-licensed sites since that time are unknown to the AER, the Government of Alberta, or the public.

11. On February 5, 2016, the AER issued to Lexin a notice of noncompliance for failure to install a dilution gas meter at a sour gas facility and failure to remove numerous bags of spent catalyst from the grounds of the facility. On June 15, 2016, the AER issued an order to Lexin for failure to comply with the February 2016 noncompliance notice ("Metering and Removal Order").

12. Lexin has not complied with the metering and removal order.

13. On June 13, 2016, the AER issued a notice of garnishment as a result of Lexin failing to pay AER-issued administrative levies. The levies owed amount to more than $1 million.

14. Lexin has also failed to provide more than $70 million of security required to offset its liabilities.

15. The AER received information from Lexin and other sources that Lexin had laid off most of its staff and would not be able to respond should an incident or emergency occur involving a Lexin-licensed sour gas facility. As a result, on August 9, 2016, the AER issued to Lexin an order ("Mazeppa Order")

directing, among other things, that Lexin and LR Processing Ltd., a related party that has an ownership interest in the Mazeppa sour gas facility and infrastructure, immediately suspend and discontinue the facility's operations.

16. Lexin has only partially complied with the Mazeppa Order.

17. In August 2016, numerous closure and abandonment orders were issued against Lexin, including for expired surface rights (3 wells) and mineral rights (26 wells).

18. Lexin has not complied with the closure and abandonment orders.

19. On October 25, 2016, the AER issued an order to Lexin to take immediate steps to clean up a hydrocarbon spill at another sour gas facility ("Cleanup Order"). The AER first informed Lexin of this spill on July 28, 2016. By the date of the Cleanup Order, Lexin had not cleaned up the spill despite statutory obligations to do so and despite having received from the AER a notice of noncompliance in August 2016 for this spill.

20. Lexin has not complied with the cleanup order.

21. The AER received reports of equipment being sold in 2016 and 2017, leading to the AER issuing a cease and desist letter on October 27, 2016, directing Lexin to cease the removal and sale of assets and infrastructure from Lexin-licensed sites.

22. The AER obtained evidence in February 2017 that Lexin sold infrastructure from the Cowley gas plant, located at Legal Subdivision 13, Section 34, Township 8, Range 2, West of the Fifth Meridian, through a company called International Oilfield Equipment Brokers in contravention of the AER's October 2016 cease and desist letter and the *OGCA*.

23. In a November 24, 2016, letter to Lexin, the AER advised that it had imposed Global Refer status on Lexin because of its inability or unwillingness to comply with regulatory requirements.

24. On January 19, 2017, the AER issued a declaration under section 106(1) of the *OGCA* naming Mr. Smith, Jasmina Cezek, and Rob Jennings as persons in direct or indirect control of Lexin, and declaring that Lexin has, among other things, contravened AER requirements, failed to comply with orders of the AER, or is indebted to the AER. Section 106 of the *OGCA* applies when the AER considers it in the public interest to make a declaration naming one or more directors, officers, agents, or other persons who, in the AER's opinion, were directly or indirectly in control of a licensee, approval holder, or working interest participant that has (i) contravened or failed to comply with an order of the AER or (ii) has an outstanding debt to the AER or the orphan fund for suspension, abandonment, or reclamation costs.

25. On February 15, 2017, the AER issued an environmental protection order regarding the Mazeppa sour gas facility under sections 113 and 241 of *EPEA* to Lexin, LR Processing Ltd., Jasmina Cezek, Mr. Smith, and Rob Jennings ("Mazeppa EPO"). The Mazeppa EPO ordered the parties to clean up and remove any released substances; immediately remove and properly dispose of the substances in

accordance with regulatory requirements; immediately test and dispose of the liquid collected in the surface water retention ponds; purge and clean all underground piping, tanks, and drain systems; and ensure that all tanks on site are taken out of service in compliance with all regulatory requirements. The substances identified in the Mazeppa EPO are known to have an adverse effect on the environment and include sulfolane/sulfanol, hydrocarbon liquids, sulphur, and sulphur recovery catalyst, as well as other oilfield wastes.

26. Lexin, Mr. Smith, and all other parties named in the Mazeppa EPO have not complied with the order.

27. On January 23, 2017, an AER inspection verified that no steps had been taken to clean up the hydrocarbon spill as required by the cleanup order. As a result, on February 15, 2017, the AER amended the cleanup order to add Jasmina Cezek, Mr. Smith, and Rob Jennings to the list of named parties and persons responsible, varied paragraph 2, and repealed paragraph 3 of the cleanup order.

28. Lexin, Mr. Smith, and all other parties named in the Clean-Up Order have not complied with the order.

29. On March 6, 2017, the AER received a letter from Groia & Company of Toronto (Groia), counsel for Lexin, stating that it had significant concerns about health, safety, and environmental issues at the sites and facilities licensed by Lexin and stating that Lexin was unable to address these issues.

30. The letter from Groia also stated that Lexin did not know if its 1-800 emergency line for reporting health, safety, and environmental emergencies was currently operational, as Telus had advised that it would be disconnecting the line shortly. The letter also stated that Lexin did not have the resources to handle any calls to that line as it now only had two employees. The letter further stated that the pond levels at the Mazeppa sour gas facility were dangerously high and that there was a "real danger of an overflow and environmental damage as a result thereof."

31. The AER responded to Groia's letter by letter dated March 7, 2017. In that letter, the AER asked Lexin to confirm that the 1-800 emergency number was operational and that Lexin would take steps to provide a response in the event of an emergency.

32. Lexin replied to the AER in a letter dated March 8, 2017, stating again that the company had no funds to address its obligations and asking the AER to take steps to mitigate safety risks. Lexin did not confirm whether its 1-800 number for emergency response was still working or whether steps would be taken by Lexin in the event of an emergency. Failure to maintain an emergency response number is a contravention of sections 6.020(3) and 6.020(5) of the *Oil and Gas Conservation Rules* and sections 2.1(2) and 2.1(3) of *Directive 071: Emergency Preparedness and Response Requirements for the Petroleum Industry*.

33. As a result of the health and safety concerns and statement by Lexin that it was unable to address its obligations, the AER applied to the Alberta Court of Queen's Bench, pursuant to section 234(1) of the *Bankruptcy and Insolvency Act* and/or section 13(2) of the *Judicature Act*, to appoint a receiver over Lexin's assets. On March 20, 2017, the Court appointed Grant Thornton Limited the receiver of

all of Lexin's current and future assets, undertakings, and properties, excluding any oil or gas wells, pipelines, or facilities located outside the province of Alberta or regulated by an entity other than the AER.

34. Since the appointment of the receiver, the AER has learned that Lexin failed to maintain its insurance, which is also a contravention of AER requirements.

Uncontested Breaches of Alberta Environmental and Oil and Gas Laws

35. Based on these agreed facts, as director and person responsible under *EPEA,* Mr. Smith does not contest that Lexin breached section 108(2) and 108(1)(a) of the *OGCA* and section 227(h) of *EPEA* by failing to comply with the terms and conditions of the Metering and Removal Order, the Mazeppa Order, the Closure and Abandonment Orders, the Clean-Up Order, the Mazeppa EPO; by the unauthorized sale and removal of the Lexin-licensed assets of the Callum gas plant; by failing to record and report hydrocarbon production according to AER *Directive 007: Volumetric and Infrastructure Requirements*; by failing to pay the issued levies and security owing, by failing to maintain insurance in accordance with AER *Directive 067: Applying for Approval to Hold EUB Licences* ("Uncontested breaches").

Terms and Undertakings

36. Mr. Smith and the AER agree to resolve the current and outstanding matters between the two Parties and Lexin as set out in this agreed statement of facts, and, in the case of Mr. Smith, including any current or outstanding noncompliances or other matters not currently subject to the orders or directions set forth above, as follows:

    36.1. In recognition of his role and responsibility for the Uncontested breaches by Lexin during the time that he was a director of Lexin, Mr. Smith agrees and commits to the AER's executive vice president of Operations to pay to the AER $175,000 on or before June 19, 2017.

    36.2. Mr. Smith and Lexin agree to cooperate with the receiver's sales process and to facilitate obtaining consent from the entities to be added into the receivership as set forth in the application of the receiver to the Court of Queen's Bench of Alberta filed on June 9, 2017.

    36.3. Mr. Smith undertakes not to directly or indirectly control any licensee or holder of an approval in relation to upstream hydrocarbon production, exploration, or transportation in the province of Alberta.

    36.4. The section 106 declaration as it applies to Mr. Smith will remain in effect.

    36.5. Mr. Smith waives any right existing under AER administered legislation or otherwise, to a hearing, review, judicial review, or appeal of this matter.

36.6. The AER agrees that executing and fulfilling the terms of this Agreement by Mr. Smith resolves all issues involving Mr. Smith related to the conduct described above, will enable the parties to move forward towards an efficient resolution of the matters between the AER and Lexin, and the AER will take no further steps against Mr. Smith arising from these facts.

36.7. This Agreement concludes all investigations of the AER in relation to Lexin, Mr. Smith and any other current or former directors and/or officers of Lexin, in relation to the Uncontested breaches.

36.8. Notwithstanding the foregoing terms of this Paragraph 36, solely as to Lexin, nothing herein shall effect the requirement of Lexin to remedy the Uncontested breaches, or any future licensee of the sites subject to the orders referenced herein from compliance with the outstanding provisions applicable to Lexin set forth in the Metering and Removal Order, the Mazeppa Order, the Closure and Abandonment Orders, the Clean-Up Order and the Mazeppa EPO, provided, however, that this Agreement is intended to resolve such matters as to Mr. Smith.

37. It is acknowledged that Mr. Smith is entering into this Agreed Statement of Facts and Undertaking for and on behalf of Lexin because Lexin is currently subject to a receivership as set forth above.

General

38. Mr. Smith and the AER agree to execute the documents necessary to accomplish the objectives of this Agreement.

39. Mr. Smith acknowledges that he received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.

40. Mr. Smith acknowledges and agrees that the AER may enforce this Agreement in the Court of Queen's Bench or in any other court of competent jurisdiction.

41. This Agreement is governed by the laws of the province of Alberta.

42. Terms used in this Agreement have the same meaning as defined in the Alberta oil and gas and environmental laws.

Lexin Resources Ltd. ("Lexin" or the "Company")
Request for Proposal ("RFP")
RFP Terms for Engaging a Sales Advisor

A Background

1 Appointment

a. On March 20, 2017 Grant Thornton Limited was appointed Receiver of Lexin pursuant to a Receivership Order from the Court of Queen's Bench of Alberta. A specific term of the Receivership Order is that the Receiver is not responsible for the care and custody of the AER-licensed properties.

b. On June 13, 2017, the Receiver's mandate was expanded by the Court to include the following additional entities related to Lexin: 0989 Resource Partnership, 1051393 BC Ltd., LR Processing Ltd. and the LR Processing Partnership. The entities included in the expanded appointment are hereinafter referred to as the "Lexin Group". The additional entities being added possess oil and gas assets that are inextricably linked with Lexin's oil and gas assets, therefore it was deemed to be just and convenient to include them in the Receivership Order.

c. Copies of the Court Orders, Receiver's Reports, and other relevant information about the Receiver's activities is available at: www.grantthornton.ca/lexin

2 Assets for Sale

a. The Lexin Group assets that the Receiver would like marketed are comprised of:

   i. AER-licensed non-abandoned properties comprised of:
   - 1,380 licensed wells, primarily natural gas (all Lexin licenses);
   - 81 licensed facilities (all Lexin licenses);
   - 236 licensed pipelines (201 Lexin licenses; 35 LR Processing licenses);

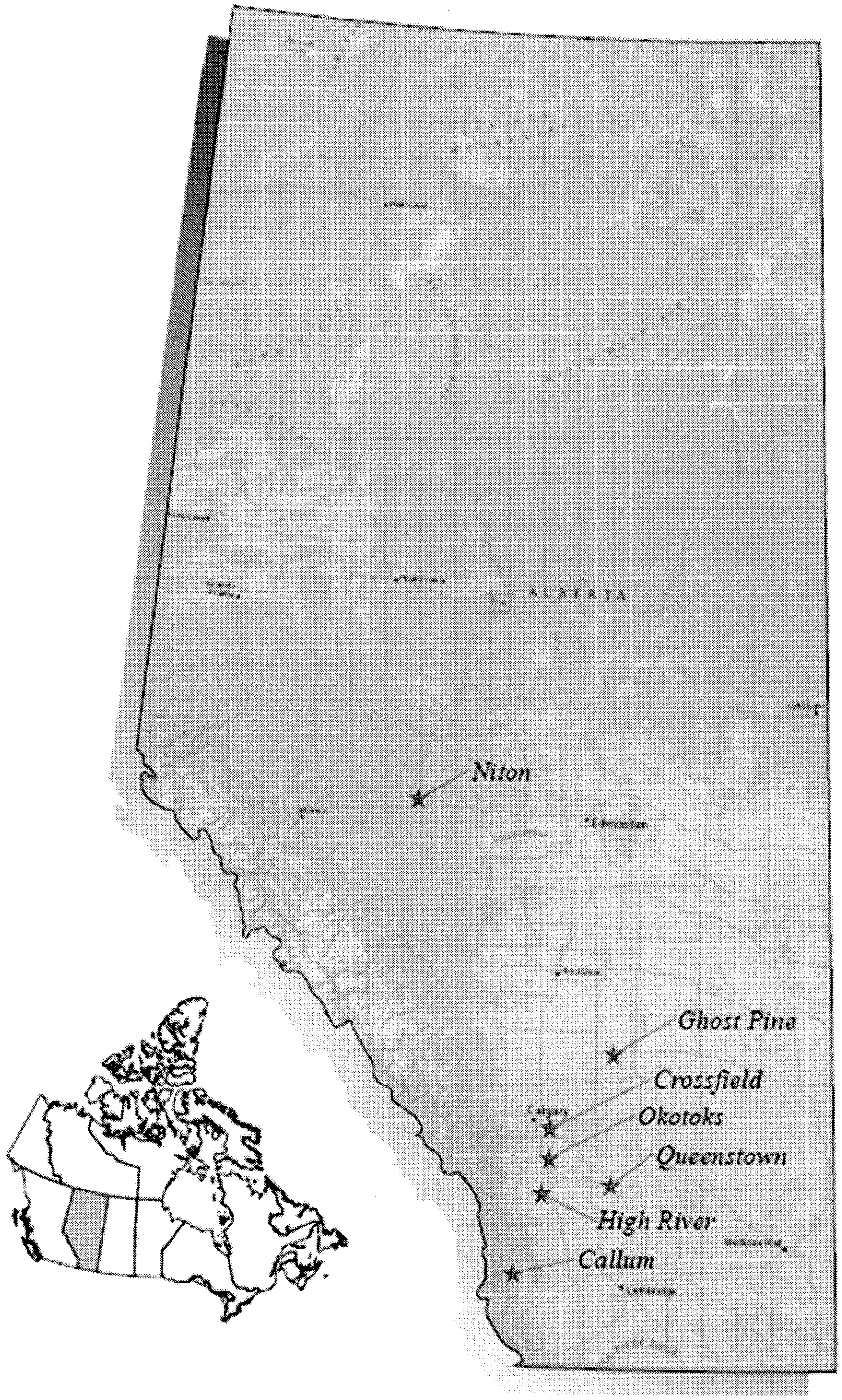
   inclusive of underlying leases (mineral and surface), tangibles and related contracts. All of these properties are presently shut-in/suspended and in the care and custody of either the OWA or working interest partners.

   ii. Non-operated properties (approximately 260 active wells operated by approximately 50 partners)

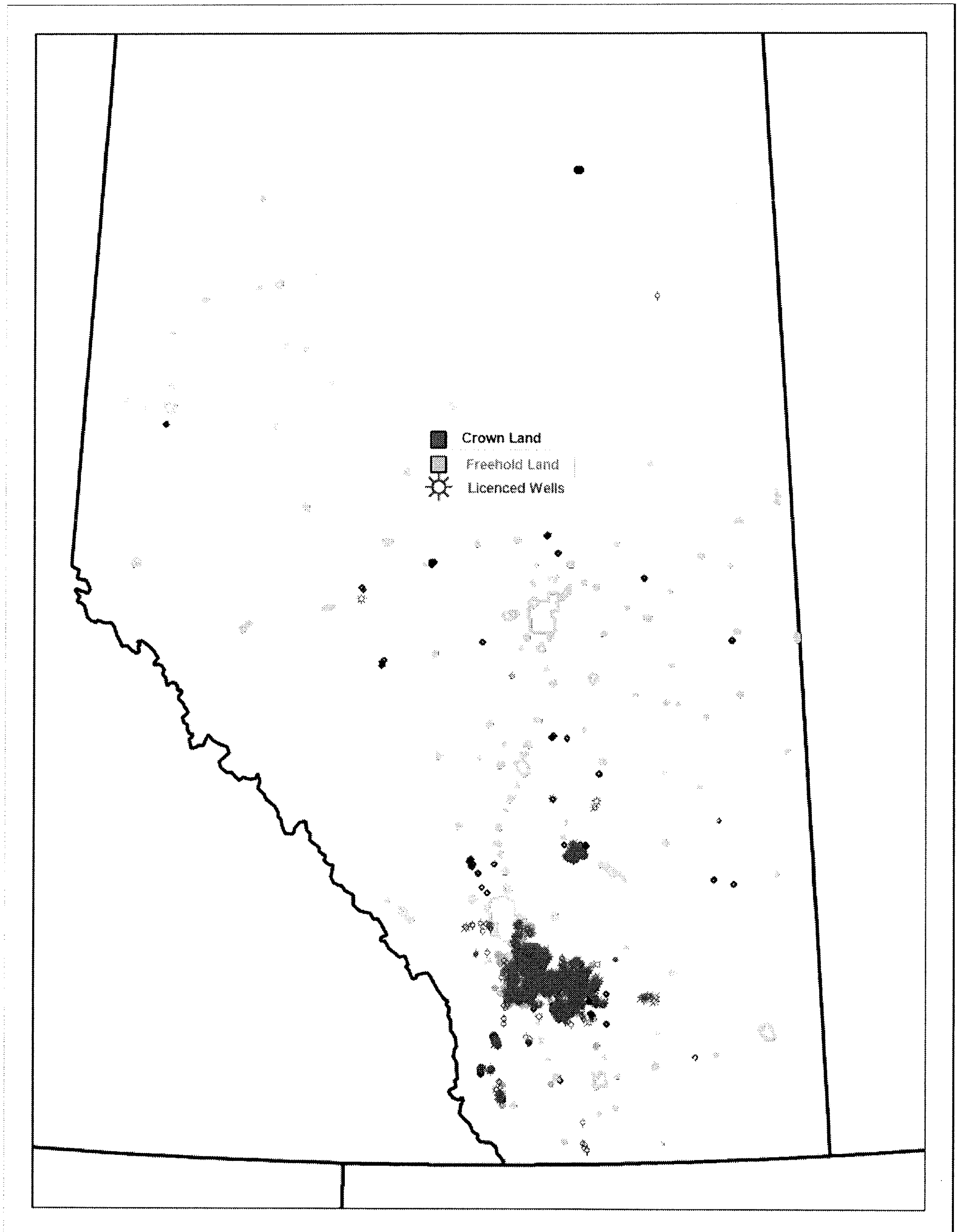
   iii. Seismic – a non-operated 5.66% interest in 3-D seismic shot primarily in the Ghost Pine area that is being stored and brokered by Pulse Seismic for the operator, ConocoPhillips.

GLJ's 2016 year-end mechanical update of the 2014 reserve report (using April 2017 price deck) provides for a 2P 10% discounted reserve value of approximately $68 million (adjusted for lease cancellations etc.).

An index map from the 2014 GLJ reserve report (which included properties in Niton that have since been sold and are NOT in the above numbers and are NOT to be the subject of this future sales process) is as follows:



A map of the Lexin land and wells as obtained from Accumap is as follows:



b. We are now embarking upon an RFP process to engage a Sales Advisor ("Advisor") to market the above assets for sale.

c. If you are in receipt of this document you have been included as a potential Advisor in the Receiver's RFP process.

B Scope of Advisor's Role

The scope of the Advisor's role will include the following:

1. Consideration of length of marketing program.
2. Devising marketing campaign for the Property; including.
    a. Preparing and providing all marketing materials.
    b. Advertising the assets for sale in the Daily Oil Bulletin and BOE at the Advisor's expense.
3. Drafting of confidentiality agreement (CA) for potential purchasers
4. Report on sales process to Receiver on a regular basis
5. Establishing a confidential data room containing the details of the assets available.
6. Exposing the assets to the entire Advisor's list of prospects, plus other prospects provided by the Receiver.
7. Qualifying prospects from a financial prospective.
8. Assisting prospective purchasers in the due diligence process.
9. Assisting the Receiver in assessing any offers.
10. Assisting the Receiver in the Court application to approve the offers
11. Assisting the Receiver in the actual closing process.

C Required Proposal Content

The Proposal must contain the following:

1. Work Plan – All Advisor candidates shall provide a detailed work plan explaining how services outlined in scope of services section of this proposal will be delivered to the Receiver.
2. Firm's History and Staff Experience – All Advisor candidate shall provide a brief history of the firm including staff's experience and accomplishments that are relevant to the scope of work stated in this proposal.
3. Compensation Structure – All proposals shall indicate the proposed compensation structure, including work fee and commission structure.

4. Conflict of Interest Statement & Supporting Documentation – Advisor candidates shall disclose any professional or personal financial interests which could be a possible conflict of interest. In addition, all Advisor candidates shall further disclose any arrangements to derive additional compensation.

D Evaluation Factors

The factors the Advisor candidates will be evaluated on include the following:

1. Suitability of the Advisor's plan
2. Demonstrated ability to satisfy scope of services
3. Professional qualifications of individuals to be assigned to the project
4. Previous experience
5. Responsiveness of proposal
6. Innovation of proposal and preliminary recommendations to Receiver
7. Compensation Structure

E Deadline for receipt of proposals

- June 20, 2017

SANGRA MOLLER LLP

Barristers & Solicitors

1000 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
Canada V6C 3L2

Telephone: (604) 662-8808
Facsimile: (604) 669-8803
www.sangramoller.com

Reply Attention of:
Rod Talaifar
Our File No.:

Direct Line:
(604) 692-3023
Email:
rtalaifar@sangramoller.com

June 22, 2017

VIA EMAIL

BORDEN LADNER GERVAIS LLP
1900, 520 3rd Avenue S.W.
Calgary, Alberta
T2P 0R3

Attention: Robyn Gurofsky

Dear Sirs / Mesdames:

**Re: In the matter of the Receivership of Lexin Resources Ltd. ("Lexin")
Court of Queen's Bench Action No. 1701-03460**

We understand that Grant Thornton Limited (the "**Receiver**"), the court-appointed receiver of Lexin, is seeking to access Lexin's data servers in order to compile information for a sales process of Lexin's assets (the "**Proposed Sales Process**"). We understand that the Receiver's current proposal involves considerable costs relating to privilege reviews under the Document Protocol Order issued by the Court on April 4, 2017 (the "**Document Protocol**"). Our client, MFC Energy Finance Inc. (the "**Company**"), believes that the minimization of such costs and the development of the Proposed Sales Process in an expedited manner are in the best interests of all Lexin stakeholders. Accordingly, it proposes the following course of action:

1. The Receiver and/or the sales agent retain Robert Chenery, who we understand is a former Lexin consultant, to assist in identifying and compiling information necessary to design and implement the Proposed Sales Process.

2. Mr. Chenery would work directly with the sales agent to identify and locate the information necessary to market Lexin's assets.

3. To the extent that information is required from Lexin's severs or physical files, Mr. Chenery would assist the sales agent in locating such information, which we understand are likely segregated from other Lexin files.

4. The relevant parties would agree to suspend the privilege review under the Document Protocol to the extent that only technical files relating to the Lexin assets are accessed on a segregated basis pursuant to the foregoing, provided that they would not be waiving their right associated therewith and that the files would be accessed solely for the purpose of the foregoing.

Based on discussions with experts, the Company believes that most of the information required to develop the Proposed Sales Process is accessible through public records and other information. As such, it suggests that the foregoing, if acceptable to the parties, would be the most optimal and time and cost effective solution to move the Proposed Sales Process forward.

Please do not hesitate to contact the undersigned if you have any questions or comments regarding the foregoing.

Yours truly,

SANGRA MOLLER LLP

Per:
Rod Talaifar

cc: Alberta Energy Regulator (Attn: Keely Cameron)
Groia & Company (Attn: Joseph Groia)
Client

Robyn Gurofsky
T (403) 232-9774
F (403) 266-1395
rgurofsky@blg.com
Jessica L. Cameron
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Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 - 3rd Ave SW
Calgary, AB, Canada T2P 0R3
T 403.232.9500
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blg.com

Borden Ladner Gervais

File No. 547730/000021

June 26, 2017

Delivered by Email

Sangra Moller LLP
1000 Cathedral Place
925 West Georgia Street
Vancouver BC, V6C 3L2

Attention: Rod Talaifar

Dear Sirs:

Re: In the Matter of the Receivership of Lexin Resources Ltd. ("Lexin"), 1051393 B.C. Ltd., 0989 Resource Partnership, LR Processing Ltd. and LR Processing Partnership (collectively with Lexin the "Debtors") Alberta Court of Queen's Bench Action No. 1701-03460

We write further to your letter dated June 22, 2017. The Receiver thanks your client for its willingness to reach a mutually acceptable arrangement regarding the ongoing privilege reviews, as a result of the assertion of privilege claims by Lexin. The Receiver agrees that minimizing the costs relating to privilege reviews under the Document Protocol Order granted April 4, 2017 (the "**Document Protocol**") is in the best interests of all the Debtors' stakeholders. The Receiver is also appreciative of Mr. Chenery's proposal to assist the Receiver in collecting data that will assist in a sales process. We note, however, that contrary to the assertions stated in your letter, the bulk of the information required for a full and robust sales process is not available through public records.

We also note that the Receiver is required by the terms of the receivership order to maintain possession and control over the Lexin servers. Further, the Receiver's access to records cannot be limited to technical data; rather the Receiver requires access to all of the Debtors' data, including corporate and financial records. In that regard, if Mr. Chenery or your office is in possession of any records related to any of the Debtors, please advise and kindly deliver up those records, in accordance with the terms of the receivership order, to the undersigned on behalf of the Receiver.

In order to avoid the significant costs associated with continuing the privilege review pursuant to the Document Protocol, the Receiver would propose that:

1) Lexin reserve all rights to assert privilege, should it be in a position to do so, while acknowledging the Receiver's unfettered access to the Lexin servers and any other Lexin records which may be collected pursuant to the terms of the receivership order; and

2) The Receiver's access to, and review of records contained on the Lexin servers or otherwise would be subject to Lexin's reservation of rights to later assert privilege, again should it be in a position to do so.

In the Receiver's view, this is the most cost-effective and efficient manner in which to proceed with its proposed sales process in light of the Document Protocol. We look forward to your response in regards to the above noted matters.

As to Mr. Chenery's involvement in a sales process, you may be aware that the Receiver has scheduled a meeting on Wednesday, June 28 at 3:30PM with Mr. Chenery at Sayer Energy Advisors, the Receiver's proposed sales advisor, in order to obtain Mr. Chenery's input on sales process matters, following which the Receiver will be in a better position to determine an appropriate role for Mr. Chenery in a sales process.

Yours Truly,

Borden Ladner Gervais LLP

Robyn Gurofsky

cc: Grant Thornton Limited, Receiver
Attention: Andrew Basi, Michael Costello & Breanne Scott (via email)

Alberta Energy Regulator
Attention: Keely Cameron (via email)

Groia & Company Professional Corporation
Attention: Joseph Groia & Bonnie Roberts-Jones (via email)

LEXIN RESOURCS LTD., 1051393 B.C. LTD., 0989 RESOURCE PARTNERSHIP, LR PROCESSING LTD. and LR PROCESSING PARTNERSHIP, IN RECEIVERSHIP

SALES PROCESS

1. On March 20, 2017, the Alberta Court of Queen's Bench (the "**Court**") made an order (the "**Lexin Receivership Order**") appointing Grant Thornton Limited ("**GT**") as receiver (the "**Receiver**") of Lexin Resources Ltd. ("**Lexin**"), under Section 243(1) of the *Bankruptcy and Insolvency Act*, and Section 13(2) of the *Judicature Act*. On June 13, 2017, the Court granted a consent receivership order (the "**Expanded Receivership Order**" and together with the Lexin Receivership Order, the "**Receivership Orders**") appointing GT as Receiver of all of 1051393 B.C. Ltd., 0989 Resources Partnership, LR Processing Ltd. and LR Processing Partnership (collectively the "**Affiliated Debtors**" and together with Lexin the "**Debtors**").

2. On **NTD**, 2017, the Court approved the sales process (the "**Sales Process**") set forth herein to be undertaken to seek a Successful Bid (as defined below), and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

Defined Terms

3. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Receivership Orders. In addition, in this Sale Process:

   "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary;

   "**Licensee**" has the meaning ascribed under the OGCA or the Pipeline Act, as the case may be;

   "**OGCA**" means the *Oil and Gas Conservation Act*, RSA 2000, c O-6;

   "**Pipeline Act**" means the *Pipeline Act,* RSA 2000, c. P-15;

   "**Property**" means the undertaking, property and assets of the Debtors or any portion thereof;

   "**Regulator**" means the Alberta Energy Regulator;

   "**Sales Advisor**" means Sayer Energy Advisors;

Sales Process

4. The Sales Process set forth herein describes, among other things, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property, the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, the receipt and

negotiation of bids received, the ultimate selection of a Successful Bidder(s) (as defined below) and the Court's approval thereof. The Receiver shall administer the Sales Process. In the event that there is disagreement as to the interpretation or application of this Sales Process, the Court will have jurisdiction to hear and resolve such dispute.

5. The Sales Process will be completed under the timeline set out in **Schedule "1"** hereto, subject to amendment from time to time by the Receiver in its discretion in consultation with the Sales Advisor.

6. The Sales Advisor is appointed for the purpose of administering the Sales Process set out herein. The Sales Advisor shall implement the Sales Process with the assistance and supervision of the Receiver.

Purchase Opportunity

7. A non-confidential teaser letter prepared by the Sales Advisor describing the opportunity to acquire some, all or substantially all of the Property will be made available by the Sales Advisor to prospective purchasers and will be posted on the websites of the Receiver and the Sales Advisor as soon as practicable.

8. Confidential information describing the opportunity will be made available to prospective purchasers that have executed a non-disclosure agreement ("**NDA**") with the Receiver, in a form satisfactory to the Receiver.

9. The Property may be separated into packages as deemed advisable by the Receiver, in consultation with the Sales Advisor.

"As Is, Where Is"

10. The sale of the Property will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver, the Sales Advisor, or any of their respective agents, or any other person except to the extent set forth in the relevant definitive purchase and sale agreement.

Free of Any and All Claims and Interests

11. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Debtors in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively the "**Claims and Interests**"), such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to an approval and vesting order made by the Court, upon the application of the Receiver, except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

Publication of Notice and Teaser

12. As soon as reasonably practicable after the approval of this Sales Process, the Receiver and the Sales Advisor shall cause a notice of the Sales Process and such other relevant information which the Sales Advisor or the Receiver consider appropriate to be published in the *Daily Oil Bulletin, BOE* and the *Calgary Herald.*

Participation Requirements

13. In order to participate in the Sales Process, each person interested in bidding on the Property (a "**Potential Bidder**") must deliver to the Receiver at the address specified in **Schedule "2"** hereto (including by email or fax transmission), and prior to the distribution of any confidential information to a Potential Bidder, an executed NDA in form and substance satisfactory to the Receiver, which shall inure to the benefit of any purchaser of the Property, as well as a statement indicating that it is a licensee in good standing with the AER, or is eligible to obtain or hold AER licenses, permits or approvals (the "**Bidder Conditions**").

14. A Potential Bidder that has executed an NDA and who satisfies the Bidder Conditions, and who the Receiver determines has a reasonable prospect of completing a transaction contemplated herein, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by the Receiver.

Due Diligence

15. The Sales Advisor shall provide any person deemed to be a Qualified Bidder with access to an electronic data room and the Sales Advisor shall provide to Qualified Bidders further access to such due diligence materials and information relating to the Property as the Receiver deems appropriate. The Sales Advisor, Receiver and their respective agents make no representation or warranty as to the information provided through the due diligence process or otherwise, except to the extent otherwise contemplated under any definitive sale agreement with a Successful Bidder executed and delivered by the Receiver and approved by the Court.

Seeking Qualified Bids from Qualified Bidders

16. A Qualified Bidder desiring to make a bid for all or part of the Property must deliver written copies of a final, binding proposal (the "**Final Bid**") in the form of a fully executed letter of intent to the Receiver at the address specified in Schedule "2" hereto so as to be received no later than 12:00 p.m. Calgary time on September 15, 2017 (the "**Bid Deadline**").

Qualified Bids

17. A Final Bid will be considered a Qualified Bid only if it is submitted by a Qualified Bidder and the Final Bid complies with, among other things, the following (a "**Qualified Bid**"):

(a) it contains an executed binding letter of intent ("**LOI**") in substantially similar form to the template LOI to be posted in the data room, together with a blackline of the LOI highlighting any changes to the template LOI and if applicable, an allocation of the purchase price as between the specific Property contained in the LOI;

(b) it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing;

(c) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;

(d) it contains evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body);

(e) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), certified cheque or bank draft, payable to the order of the Receiver, in trust, in an amount equal to 10% of the total consideration in the Qualified Bid to be held and dealt with in accordance with this Sales Process;

(f) it provides confirmation that it is a Licensee in good standing with the Regulator and that is has, or will, meet the requirements and conditions of the Regulator in order to become a Licensee of the Property to be conveyed, transferred or assigned to it, including but not limited to applying for and obtaining a business associate code from the Regulator;

(g) it provides a written list of its current officers and directors and all shareholders who directly or indirectly own more than 10% of its issued and outstanding shares (the "**Arm's Length List**");

(h) all parties listed on the Arm's Length List are arm's length to the Debtors; and

(i) it is received by the Bid Deadline.

18. Following the Bid Deadline, the Receiver shall hold a bid review meeting with the Sales Advisor and any other interested party as determined in the sole discretion of the Receiver.

19. The Receiver will assess any Qualified Bids received and may waive any one or more of the requirements specified herein, and may deem such non-compliant bids to be Qualified Bids in the Receiver's sole discretion.

20. The Receiver may reject any Qualified Bid if it determines that such bid is inadequate or insufficient, or is otherwise contrary to the best interests of the receivership estate or any of its creditors or other stakeholders.

21. The Receiver reserves the right to request that Qualified Bidders revisit Qualified Bids in the event several competitive Qualified Bids are received. The Receiver reserves the right not to accept any of the Qualified Bids if no acceptable Qualified Bids are received. If the

Receiver determines a Qualified Bid is acceptable and provides superior value to the receivership estate such Qualified Bid will be selected as a successful bid ("**Successful Bid**") with the proponent of such Successful Bid being a "**Successful Bidder**".

22. The Successful Bidder(s) will be notified and the Receiver, in consultation with the Sales Advisor, will finalize a definitive purchase and sale agreement(s) with the Successful Bidder(s). Any purchase and sale agreement entered into by the Receiver with a Successful Bidder shall contain as a condition of that agreement, that Court approval of the agreement be obtained.

Approval Motion

23. The Receiver shall apply to the Court (the "**Approval Motion**") for an order (the "**Sale Approval and Vesting Order**") approving the Successful Bid(s) and authorizing the Receiver to enter into any and all necessary agreements with respect to the Successful Bidder(s), as well as an order vesting title to Property in the name of the Successful Bidder(s).

24. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Receiver. The Approval Motion may be adjourned or rescheduled by the Receiver without further notice.

25. All Qualified Bids (other than the Successful Bid(s)) shall be deemed rejected on and as of the date of approval of the Successful Bid(s) by the Court.

Deposits

26. Upon entry of an LOI by a Qualified Bidder, the Receiver will be paid a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), or such other form of payment acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to 10% of the total consideration in the Qualified Bid to be held and dealt with in accordance with this Sales Process.

27. All Deposits shall be retained by the Receiver in an interest bearing trust account. The Deposit(s) plus accrued interest paid by the Successful Bidder(s) whose bid is approved at the Approval Motion shall be applied to the purchase price to be paid by the Successful Bidder(s) upon closing of the approved transaction and the Deposit(s) will become non-refundable upon court approval. The Deposit(s) of Qualified Bidders not selected as Successful Bidder(s) shall be returned together with the accrued interest to such bidders within five (5) Business Days of the date upon which the Sale Approval and Vesting Order is granted.

Approvals

28. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the applicable law in order to implement a Successful Bid.

No Amendment

29. There shall be no amendments to this Sales Process, including, for greater certainty the Sales Process set out herein, without the written consent of the Receiver.

No Obligation to Conclude a Sale

30. The Receiver has no obligation to conclude a sale arising out of this Sales Process, and it reserves the right and unfettered discretion to reject any Final Bid or Qualified Bid.

Further Orders

31. At any time during the Sales Process, the Receiver may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

SCHEDULE "1"

SALES PROCESS TIMELINE

July 14, 2017	Court Order approving the sales process
July 17-August 7, 2017	Compile information, establish electronic data room and prepare marketing materials
August 7-September 15, 2017	Launch sales process including contacting interested parties, distributing Teaser, placing advertisements in *Daily Oil Bulletin, BOE* and *Calgary Herald*, compiling NDA's, responding to requests for information and facilitating due diligence meetings and calls
September 15, 2017	Bids to be submitted by 12:00 p.m. Calgary time

SCHEDULE “2”

NOTICE

TO THE RECEIVER:

Grant Thornton Limited
900, 833-4th Avenue SW
Calgary, Alberta T2P 3T5

Attention: Andrew Basi & Michael Costello

Phone: 403-296-2992/403-296-3087
Fax: 403-260-2571
E-Mail: Andrew.Basi@ca.gt.com/Michael.Costello@ca.gt.com

WITH A COPY TO:

Sayer Energy Advisors

In the Matter of the Receivership of
Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership,
LR Processing Ltd., and LR Processing Partnership

Receipts and Disbursements - March 20, 2017 to July 5, 2017

Trust Account #1

Receipts	
Receiver's borrowings	1,110,000
Sale of vehicles	59,200
Sale of seismic data	12,736
GST collected	3,654
Cash held at receivership	3,636
Collection of AR & other refunds	1,804
Interest earned on cash in trust	51
	1,191,082
Disbursements	
Receiver fees and costs	304,953
Data Management Specialist	234,079
Receiver's counsel fees and costs	173,964
Utilities and other services	56,434
Removal and indexing of Records	53,069
GST on disbursements	45,467
Contract services	37,125
Software licensing fees	15,168
Server set-up & ongoing maintenance	13,738
Storage costs	11,322
Miscellaneous other expenses	5,751
Other consulting services	4,198
Commission expense	1,515
OSB filing & Ascend fees	345
	957,129
Cash in Trust Account #1	**233,953**

Trust Account #2

Receipts	
Funds received from Cargill, net of GST	60,350
	60,350
Disbursements	-
Cash in Trust Account #2	**60,350**

Total Cash in Trust	**294,303**

In the Matter of the Receivership of
Lexin Resources Ltd., 1051393 B.C. Ltd., 0989 Resource Partnership,
LR Processing Ltd., and LR Processing Partnership

Projected Receipts and Disbursements - to September 30, 2017 (excluding funds held in Trust Account #2)

		Actual	Projected					
	Notes	to July 5, 2017	May Accrued	June Accrued	July	August	September	Total
Receipts								
Receiver's borrowings	1	1,110,000			500,000	220,000	220,000	2,050,000
Sale of vehicles	2	59,200				20,000		79,200
Sale of seismic data		12,736						12,736
GST collected		3,654						3,654
Cash held at receivership		3,636						3,636
Collection of AR & other refunds	3	1,804						1,804
Interest earned on cash in trust		51						51
		1,191,082	-	-	500,000	240,000	220,000	2,151,082
Disbursements								
Receiver fees and costs	4	304,953	90,949	90,890	100,000	100,000	100,000	786,793
Data Management Specialist	5	234,079						234,079
Receiver's counsel fees and costs	6	173,964	71,961	32,000	50,000	30,000	20,000	377,925
Utilities and other services	7	56,434	20,000	40,000	40,000	40,000	40,000	236,434
Removal and indexing of Records		53,069						53,069
GST on disbursements	8	45,467	9,146	8,145	14,400	10,875	9,625	97,657
Contract services	9	37,125			24,000	24,000	24,000	109,125
Software licensing and consulting fees	10	15,168			25,000			40,168
Server set-up & ongoing maintenance	11	13,738			20,000	5,000	5,000	43,738
Storage costs	12	11,322			3,000	3,000	3,000	20,322
Miscellaneous other expenses	13	5,751			1,000	500	500	7,751
Other consulting services		4,198						4,198
Sales Advisor and Commission expense	14	1,515			25,000	15,000		41,515
OSB filing & Ascend fees		345						345
Property insurance	15	-		26,000				26,000
Interest on Receiver's borrowings	16	-	7,123	7,123	7,123	10,331	11,743	43,441
Site clean-up/preparation for sale	17	-			15,000			15,000
Liability insurance	18	-						-
Equipment lease rentals	18	-						-
Property taxes	18	-						-
Non-operated prop. expense (JIBs)	18	-						-
Mineral lease rentals - Crown	18	-						-
Mineral lease rentals - Freehold	18	-						-
Surface lease rentals - Crown	18	-						-
Surface lease rentals - Freehold	18	-						-
		957,129	199,178	204,157	324,523	238,706	213,868	2,137,560
Receipts less Disbursements		**233,953**	**(199,178)**	**(204,157)**	**175,478**	**1,294**	**6,133**	**13,522**

Notes on projections

1 Reconciling figure
2 Based on estimate on net sale proceeds from additional vehicles owned by LR Ltd.
3 Assumed for conservatism purposes to be nil pending results of Reciever's letters sent to operating WIPs
4 Based on actual WIP and preliminary estimates
5 Unknown, pending the continuation of the DPO
6 Based on actual WIP and preliminary estimates
7 Inclusive of electricity, telephone (emergency line) and line locating service providers
8 Calculated based on 5% of applicable items and assuming no ITC's pending GST return filing efforts following receipt of Records
9 Present and projected providers of land, accounting and other services
10 Based on estimates from various service providers including CGI, P2 and Dakota Analytics.
11 Based on quotations from service provider
12 Per Calgary Archives, rounded
13 Preliminary estimate of additional miscellaneous expenses including mail forwarding etc.
14 Based on work fee and expense reimbursement amounts from prospective sales advisor
15 Based on quotations from broker for property insurance - first 4 month instalment.
16 Based on 7.7% of outstanding amounts in arrears

> Receiver Certificates - cumulative		1,110,000	1,110,000	1,110,000	1,610,000	1,830,000	2,050,000
> Interest @	7.7%		7,123	7,123	7,123	10,331	11,743

17 Preliminary estimate for drainage of ponds at Mazeppa Plant
18 Unknown, pending receipt of Records and other efforts required to determine quantum of items