



COURT FILE NUMBER: 1701-03460

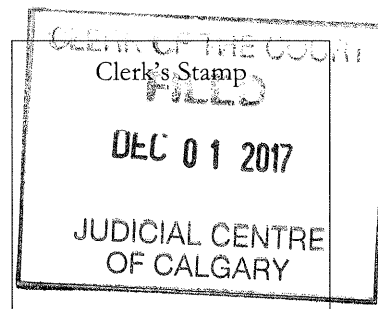
COURT: COURT OF QUEEN'S BENCH  
OF ALBERTA

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: SUPPLEMENT TO RECEIVER'S SIXTH REPORT  
DECEMBER 1<sup>st</sup>, 2017



ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING DOCUMENT

RECEIVER

Grant Thornton Limited  
Suite 900, 833 – 4<sup>th</sup> Avenue SW  
Calgary, AB T2P 3T5

Attention: Andrew Basi / Michael Costello  
Telephone: 1 (403) 296-2992 / 1 (403) 296-3087  
Facsimile: 1 (403) 260-2571  
E-mail: Andrew.Basi@ca.gt.com /  
Michael.Costello@ca.gt.com

RECEIVER'S COUNSEL

Borden Ladner Gervais LLP  
1900, 520-3<sup>rd</sup> Ave SW  
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky / Jessica L. Cameron  
Telephone: 1 (403) 232-9774 / 1 (403) 232-9715  
Facsimile: 1 (403) 266-1395  
Email: rgurofsky@blg.com /  
jcameron@blg.com

## Table of Contents

|                                                                   |   |
|-------------------------------------------------------------------|---|
| Introduction.....                                                 | 3 |
| Limitations of Report.....                                        | 3 |
| Confidential Supplement .....                                     | 4 |
| Indicative Offer and Implications to Pending Sale to Conoco ..... | 4 |

## 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 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**” and collectively, along with Lexin, the “**Lexin Group**”).
3. The purpose of this supplement to the Sixth Report (the “**Sixth Report Supplement**”) is to inform this Court and other interested parties that on November 30, 2017, the Receiver received an indicative offer (“**Indicative Offer**”) on the Carbon Credits (as defined in the Sixth Report).

## Limitations of Report

4. The information contained in the Sixth Report Supplement has been obtained from the available records of the Lexin Group, publicly available information, information obtained from various Lexin Group stakeholders, and discussions with former Lexin Group 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 Lexin Group. 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.

5. 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 Sixth Report Supplement. 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.
6. A copy of the Sixth Report Supplement and other relevant documents in the receivership proceedings are available on the Receiver's website at: [www.grantthornton.ca/Lexin](http://www.grantthornton.ca/Lexin).

### **Confidential Supplement**

7. In order to avoid publicly disclosing certain information that the Receiver has been asked to maintain as confidential, the Receiver has prepared a Confidential Supplement to the Sixth Report Supplement ("**CS to Sixth Report Supplement**") that is not intended to form part of the public record. This CS to the Sixth Report Supplement will be submitted to the Court for review and the Receiver will be applying for an order sealing this CS to the Sixth Report Supplement until further order of the Court.

### **Indicative Offer and Implications to Pending Sale to Conoco**

8. On November 30, 2017, the Receiver received the Indicative Offer on the Carbon Credits (as defined in the Sixth Report). The Indicative Offer contains confidentiality provisions precluding the disclosure of its terms or existence to parties other than the Receiver. The offeror has, on a limited basis, waived the confidentiality of the Indicative Offer on the condition that the terms of such offer be contained in a report over which the Receiver seeks a sealing order.

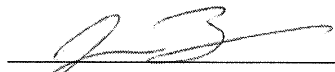
9. The Indicative Offer and the Receiver's analysis of it is contained in the CS to the Sixth Report Supplement for the reasons noted above.
10. The Receiver notes that the EOPA with Conoco (both terms as defined in the Sixth Report) contains a January 15, 2018 Outside Date (as defined in the EOPA) for concluding the Carbon Credit sale transaction contemplated in the EOPA. As a result, Court approval of the Conoco transaction is a time sensitive matter.

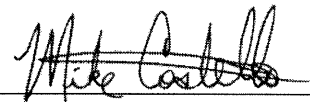
**DATED** at Calgary Alberta, the 1<sup>st</sup> day of December 2017.

**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

  
\_\_\_\_\_  
Michael Costello, CPA, CA, CBV  
Senior Consultant