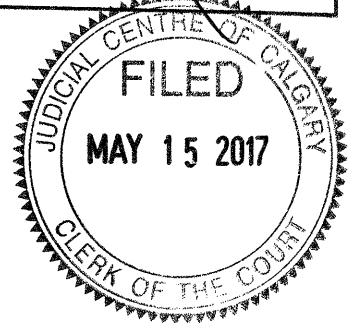
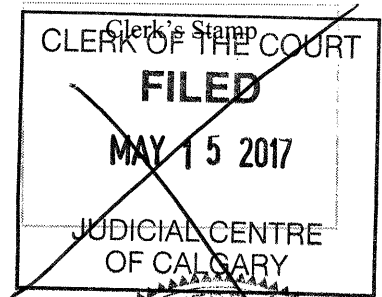


COURT FILE NUMBER **1701-03460**
COURT COURT OF QUEEN'S BENCH OF
 ALBERTA
JUDICIAL CENTRE Calgary
APPLICANT **ALBERTA ENERGY REGULATOR**
RESPONDENT **LEXIN RESOURCES LTD.**
DOCUMENT **ORDER: INCREASE
RECEIVER'S BORROWINGS
CHARGE & EXAMINATION
POWERS**



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 File No. 547730/000021

I hereby certify this to be a true copy of
the original Order
Dated this 15 day of May 2017

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: May 8, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice P.R. Jeffrey

UPON the Application of Grant Thornton Limited in its capacity as the court-appointed receiver (the "Receiver") of Lexin Resources Ltd. ("Lexin"); AND UPON having read the Second Report of the Receiver, dated April 28, 2017 (the "Second Report"), the Affidavit of Service of Rhonda Lastockin, filed, the Affidavit of Tatsiana Okun, dated May 2, 2017, and the pleadings and Receiver's reports previously filed herein, including the First Report of the Receiver dated March 30, 2017 and the receivership order granted on March 20, 2017 (the "Receivership Order"); AND UPON having heard submissions from counsel for the Receiver, the Alberta Energy Regulator ("AER"), Lexin, and no other counsel in attendance at this Application having made submissions,

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. Service of notice of this Application is deemed good and sufficient and this Application is properly returnable today.

Borrowings Charge

2. The Receiver's Borrowings Charge provided by paragraph 22 of the Receivership Order is hereby increased from \$200,000 to \$1,200,000 and the Receiver shall be authorized to borrow, by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,200,000.
3. No funds advanced by the AER to the Receiver shall be used for the purposes of advancing litigation against the AER.

Examination Powers

4. The Receiver is granted all of the powers of examination afforded to a trustee in bankruptcy pursuant to sections 163 to 167 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("**BIA**") (the "**Examination Powers**"), with the same force and effect as if the Receiver were a trustee in bankruptcy of Lexin, subject to the terms set-out herein.
5. The Receiver is hereby empowered to examine Mr. Michael Smith pursuant to the Examination Powers. The Receiver shall provide Mr. Smith with no less than forty-eight (48) hours' notice of the date, time and place of the Receiver's examination of Mr. Smith and Mr. Smith shall attend as stipulated in the Receiver's notice.
6. The Receiver may serve those individuals, other than Mr. Smith, identified at paragraph 90 of the Second Report, including any other person that the Receiver reasonably believes has knowledge of the affairs of Lexin, with a Notice of Appointment for Examination pursuant to this Order. The Receiver shall serve such persons with a Notice of Appointment pursuant to the Alberta *Rules of Court* and with a copy of this Order ("**Notice of Examination**"). Such person may object to the Receiver's Notice of Examination by advising the Receiver of same ("**Objecting Party**") within three days' from service of the Notice of Examination ("**Notice of Objection**"). Any Notice of Objection must state that the individual objects to the Receiver's Notice of Examination and the basis upon which the individual objects to being examined by the Receiver.
7. The Receiver shall be responsible for making arrangements with the Court to schedule an application to hear and determine any disputes arising from a Notice of Objection.
8. The onus shall be on the Receiver to establish why its powers should be extended to include the Examination Powers in each individual case.
9. Should a person fail to deliver a Notice of Objection within three days from service of the Notice of Examination by the Receiver, the Receiver shall be and is hereby granted the Examination Powers respecting such person.
10. The Receiver may conduct more than one examination of individuals pursuant to its Examination Powers and pursuant to a Notice of Examination.

11. Any individual examined by the Receiver pursuant to this Order shall be subject to all of the rights, responsibilities and obligations of an individual examined by a trustee in bankruptcy pursuant to sections 163 to 167 of the BIA.
12. Notwithstanding the foregoing, any individual examined by the Receiver pursuant to this Order shall be entitled to all of the protections afforded to witnesses at common law and pursuant to the Canadian *Charter of Rights and Freedoms*, being Part I to the *Constitution Act, 1982*, Schedule B to the *Canada Act 1982 (UK)*, 1982, c 11, respecting the right against self-incrimination and under the BIA.
13. The evidence obtained from any examination conducted by the Receiver pursuant to this Order shall only be used by the Receiver for purposes of the within Receivership proceedings. Any party who is adverse in interest to Lexin or the person being examined shall not be entitled to attend at the Receiver's examination of that person.
14. Notwithstanding section 163(3) of the BIA, the transcript of the Receiver's examination of any person pursuant to this Order shall be sealed on the Court file, kept confidential and not form part of the public record. The clerk shall file such transcripts in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED IN COURT FILE NO. 1701-03460. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE JUSTICE P.R. JEFFREY ON MAY 8, 2017.

Document Protocol

15. Groia & Company shall provide further and better particulars of the records marked as privileged during a review of Lexin records seized by the AER and enclosed with correspondence from Groia & Company Professional Corporation to Borden Ladner Gervais LLP on April 17, 2017 and in particular, shall provide further descriptions of the records marked as Item B1, Item B2, Item B3, Item B6, Item B7, Item B9, Item B10 and Item B11.
16. The Receiver shall be permitted to provide relevant Lexin Emergency Records (as defined in paragraph 24 of the Protocol) to Lexin's working interest participants ("WIPs") who are acting as substitute or interim operators, charged with care and custody of Lexin Sites ("Qualified WIPs"), in accordance with the relevant provisions of the "Protocol for the Review of Records by the Court - Appointed Receiver of Lexin Resources Ltd. and the Urgent Disclosure of Records of Lexin Resources Ltd. to the Orphan Well Association" (the "Protocol") approved by the Court on April 4, 2017, in the same manner as the Lexin Emergency Records are provided to the Orphan Well Association and subject to the same terms and conditions as set out in the Protocol and as set out herein.
17. The Receiver shall only deliver relevant Lexin Emergency Records to Qualified WIPs who have provided the Receiver with an undertaking that the Lexin Emergency Records received by the Qualified WIPs shall only be made available to its personnel on a need to know basis, being such personnel responsible for the maintenance of facilities, operations, resource exploration, potential mothballing of facilities, or safety and health, and the Receiver has to obtain agreements in writing with Qualified WIPs setting out the terms on which the documents are to be released.

Activities of Receiver

18. The Receiver's activities as set out in the First Report and the Second Report, each filed herein are hereby ratified and approved.



Justice of the Court of Queen's Bench of Alberta