ACTION NO.: 0901-16005

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

-and-

ACTION ENERGY INC., NORTHERN GAS MARKETING, INC. AND GRIFFON PETROLEUM INC.

Defendants

FOURTH REPORT OF THE RECEIVER OF ACTION ENERGY INC.

ERNST & YOUNG INC.

April 23, 2010

ERNST & YOUNG

INTRODUCTION

1. Ernst & Young Inc. was appointed Receiver and Manager (the "Receiver") of the property, assets and undertaking (the "Assets") of Action Energy Inc. ("Action" or the "Company") pursuant to an Order (the "Appointment Order") of this Honourable Court dated October 28, 2009.

2. The Appointment Order authorized the Receiver, among other things, to carry on the business of the Company, to market and solicit offers to purchase the Assets of the Company, and to make such arrangements or agreements as deemed necessary by the Receiver.

PURPOSE OF REPORT

3. The purpose of this fourth report (the "Fourth Report") of the Receiver is to advise this Honourable Court with respect to:

   a) the activities of the Receiver since the third report of the Receiver dated March 10, 2010 (the "Third Report");

   b) the Receiver's marketing efforts to solicit offers for the sale of Action's remaining assets (i.e. assets that were not sold to Westfire Energy Ltd. ("Westfire") or Cutpick Energy Inc. ("Cutpick"));

   c) the Receiver's Statement of Receipts and Disbursements since its appoint to April 22, 2010;

   d) the Receiver's estimated recovery analysis; and

   e) the Receiver's analysis and recommendations with respect to the Sandbox Energy Corp. ("Sandbox") asset purchase and sale agreement (the "Sandbox ASA").

4. Capitalized terms not defined in this Fourth Report are as defined in the First Report, Second Report and Third Report. All references to currency in the Fourth Report are in Canadian dollars.

BACKGROUND

5. Action was an oil and gas company engaged in the production, exploration, development and acquisition of natural gas and petroleum properties in the Provinces of Alberta and Saskatchewan. The head office of Action is located in Calgary, Alberta.

6. Action is a public company listed on the TSX Venture Exchange. Action is the successor, by amalgamation, of numerous predecessor corporations including High Plains Energy Inc., Powermax Energy Inc, and Rolling Thunder Exploration Ltd.

7. The Defendants, Northern Gas Marketing, Inc. ("Northern") and Griffon Petroleum Inc. ("Griffon") are each subsidiaries of Action and the Receiver understands these companies are inactive and have no material assets. Accordingly, Northern and Griffon were not included in October 28, 2009 Receivership Order.

8. Action's major producing interests included lands and facilities located in Alberta near Lloydminster and Teepee Creek and in Saskatchewan near Shackleton and Lake Alma. Action also has minor interests which are primarily located in Alberta near Gordondale, West Calais, and Lindbergh and in Southern Saskatchewan near Greater Shackleton, Russelton and Bienfait.

9. At the receivership date, the Company operated approximately 172 producing wells which were producing approximately 900 barrels of oil equivalent ("BOE") per day. A large portion of Action's properties have been sold to either Westfire as set out in the Westfire ASA (comprising approximately 770 BOE per day of production) or Cutpick as set out in the Cutpick ASA (comprising approximately 70 BOE per day of production).

10. The Receiver continues to operate the remaining oil and gas assets which mainly comprise gas properties located in South West Saskatchewan (the "Remaining Saskatchewan Properties") which produce approximately 60 BOE per day.

11. At the date of the Receivership, the Company had 13 full-time employees and 20 contract operators. However due to the significant reduction in operations due to the sale of assets to Westfire and Cutpick, the Receiver currently employs three contract operators and a full time administration staff.

ACTIVITIES OF THE RECEIVER SINCE THE THIRD REPORT

Operational Update

12. Since the Third Report of the Receiver, the operations of the Company have generally continued in the normal course and production levels have remained fairly consistent with historical trends for the assets that remain in the possession of the Receiver.

13. The Receiver's remaining tasks relating to the Action receivership include:

    a) Completion of certain administrative tasks relating to the Westfire ASA and Cutpick ASA;

    b) Collection of certain remaining receivables; and

    c) Selling Action's remaining assets, mainly comprising the Remaining Saskatchewan Properties and certain corporate attributes.

Westfire ASA

14. Since the Third Report, the Receiver has completed its calculation of the final statement of adjustments relating to the Westfire ASA. Westfire is currently reviewing the statement of adjustments and the Receiver anticipates finalizing the statement of adjustments and this transaction in the near term.

15. The Receiver has continued to work with Westfire, the Energy Resources Conservation Board of Alberta (the "ERCB") and the Saskatchewan Ministry of Energy and Resources ("SMER") to facilitate the transfer of titles to Westfire relating to the assets included in the Westfire ASA.

16. As discussed in the Third Report, several non-producing well sites which were located in areas near to the locations of the assets sold to Westfire were inadvertently excluded from the Westfire ASA. The Receiver and Westfire have agreed in principal to transfer these properties to Westfire as was intended in the original Westfire ASA and are in the process of entering into a formal assignment agreement. These properties are non-producing and do not have any material value.

Cutpick ASA

17. Since the approval of the Cutpick ASA by this Honourable Court on March 15, 2010, the Receiver has taken the following steps to complete the Cutpick ASA:

   a) Collected the purchase price of $250,000;

   b) Calculated and received a preliminary statement of adjustments which included interest on the purchase price since the effective date;

   c) Calculating the final statement of adjustments; and

   d) Worked with Cutpick and the ERCB to facilitate the transfer of titles to Cutpick relating to the assets included in the Cutpick ASA.

Collection of Accounts Receivables

18. The Receiver has continued efforts to collect pre-receivership accounts receivables by engaging a former employee of Action who is familiar with the customers and the related accounts. Since commencement of the receivership, the Receiver has collected approximately $311,000 in pre-receivership joint venture billing receivables.

19. The Receiver believes that the majority of all customer receivables have been collected, however the Receiver understands that certain additional recoveries may be available including amounts relating to Alberta Royalty Tax Credits (the "ARTC") and an Alberta gas cost allowance (the "GCA") receivable. Since the Third Report, the Receiver has filed the GCA forms with the Alberta Government. The Receiver understands that the ARTC forms were completed prior to the Receivership. The Receiver will continue to monitor and follow up with the collections of these outstanding receivables as well as finalize the collection of any remaining miscellaneous receivables.

REMAINING ASSETS AND SOLICITATION PROCESS

20. The Receiver advises that the majority of Action's assets have been realized upon, with the exception of the Remaining Saskatchewan Properties and the various outstanding receivables discussed above. Since its appointment, the Receiver has actively marketed Action's oil and gas assets resulting in the majority of the oil and gas properties being sold to either Westfire or Cutpick. Ideally, all the assets would have been sold at the same time or in the same transaction, however, the underlying nature of the assets (different physical location and asset type) made such a transaction impractical.

21. Given the various asset sales approved to date by this Honourable Court and the various solicitation process completed, the Receiver thought it to be useful at this time to provide an overview of the entire marketing process since its appointment on October 28, 2009 as well as the marketing process that was completed by Action prior to the commencement of the receivership. The summary is to provide this Honourable Court with a timeline and overview of the various solicitation efforts undertaken with respect to Action's oil and gas assets and the related results.

Marketing process completed by Action prior to the Receivership

22. Prior to the receivership, in about May, 2009, Action commenced an extensive marketing process of its assets and operations by retaining National Bank Financial ("NBF"). NBF contacted over 175 parties to determine if the party was interested in acquiring or recapitalizing Action ("The NBF Solicitation Process"). NBF called for bids from interested parties by June 29, 2009.

23. The NBF Solicitation Process resulted in 24 parties executing confidentiality agreements, 22 parties accessing Action's online data room, 12 parties receiving technical presentations and 11 bids being received. However, all bids received as a result from the NBF Solicitation Process were deemed unacceptable by management and all bids received were less than the amount owed to the secured creditors. Following NBF's bid deadline, NBF and Action followed up with interested parties to see if their respective bids could be improved, however, no ultimate bids were accepted by Action.

24. Following the NBF Solicitation Process, on September 1, 2009, Action retained Avonlea Ventures Inc. ("Avonlea") as chief restructuring consultant, whose responsibilities included

overseeing Action's restructuring, re-financing and/or sale initiatives. Avonlea contacted approximately eight additional strategic parties to determine if there was interest in Action's assets or operations (the "Avonlea Solicitation Process").

25. The Avonlea Solicitation Process resulted in a letter of intent from Westfire that contemplated a purchase of all Action's oil and gas assets for a purchase price of $30 million (the "Westfire LOI"). The Receiver was appointed shortly after the receipt of the Westfire LOI.

Receiver's Solicitation Process

26. Upon its appointment on October 28, 2009, the Receiver reviewed the solicitation processes completed by NBF and Avonlea as well as the terms and conditions of the Westfire LOI. In addition, as set out in the First Report, prior to its appointment as Receiver, with the consent of Action, Ernst & Young Inc. was retained as a consultant (the "Consultant"). In this capacity, the Consultant was kept abreast of the various solicitation process and bid results as well as completing a detailed recovery analysis on the Company's Assets (the "Recovery Analysis").

27. The Receiver concluded that, based on the results of the solicitation processes completed by Action, NBF and Avonlea, the bids received to date and the results of the Recovery Analysis, that the terms and conditions provided in the Westfire LOI were superior to the other bids received and that completing a transaction with Westfire would provide the best chance of maximizing recovery to the estate and the estate's creditors.

28. Accordingly, the Receiver negotiated the Westfire ASA which resulted in Westfire acquiring all Action's oil and gas properties except for certain properties located in the Redwillow, Galahad and Killam areas of Alberta (the "RW&G Properties") and certain assets located in the South Western Saskatchewan (referred to as the "Remaining Saskatchewan Properties"). The Receiver notes that the assets included in the Westfire ASA comprised the majority of Action's oil and gas assets (approximately 85% of its current production). The RW&G Properties and the Remaining Saskatchewan Properties were excluded from the Westfire ASA as the Receiver understands that Westfire concluded that these assets were in different physical locations and were not synergistic to their operations.

29. When seeking Court approval of the Westfire ASA, the Receiver proposed an expedited solicitation process to be completed by the Receiver to determine if a bid could be found that would be superior to that set out in the Westfire ASA (the "Superior Bid Solicitation Process"). The Superior Bid Solicitation Process was approved by this Honourable Court and was conducted in the three weeks subsequent to the Court approval of the Westfire ASA. The process consisted of the Receiver contacting all parties who had previously executed a confidentiality agreement or submitted a bid as a result of the NBF Solicitation Process or Avonlea Solicitation Process. In addition, the Receiver updated Action's online data room with updated operating and financial information.

30. The Receiver ultimately contacted 72 prospective purchasers and provided each party with the following information:

a) Notice of the Receivership;

b) A copy of the Westfire ASA; and

c) A request that all superior bids be received by November 20, 2009.

31. The Superior Bid Solicitation Process resulted in the following:

a) 15 parties executing confidentiality agreements;

b) 15 parties accessing Action's updated virtual data room; and

c) Six offers being received by November 20, 2009.

32. After completion of the Superior Bid Solicitation Process, the Receiver concluded that the Westfire ASA was considered the superior bid and accordingly, the Receiver recommended its approval. The Westfire ASA was approved by the Court on November 30, 2009.

33. Following the sale of the assets to Westfire, the remaining oil and gas assets comprised RW&G Properties and the Remaining Saskatchewan Properties.

Receiver's solicitation process – RW&G Properties and Remaining Saskatchewan Properties

34. The Receiver's solicitation process with respect to the RW&G Properties and the Remaining Saskatchewan Properties commenced immediately following the approval of the Westfire ASA and included the following:

    a) Completing marketing teasers summarizing key attributes of the remaining oil and gas properties;

    b) Mailed or e-mailed the marketing teasers to 158 individuals of 75 different companies who had been previously identified to be potentially interested in oil and gas acquisition opportunities. The prospective purchasers also included parties who operated in similar areas to the Remaining Saskatchewan Properties and RW&G Properties;

    c) A virtual data room was updated related to detailed information of the remaining assets including reserve reports, production volumes, financial information and lease operating statements and the 2008 and 2009 tax returns;

    d) Prospective purchasers who expressed interest in the remaining assets were sent confidentiality agreements to be executed. Once executed these interested parties were granted access to the virtual data room; and

    e) The Receiver's marketing process also included providing prospective purchasers with access to hard copy information, arranging for site visits, and other meetings with the Receiver and employees of Action.

35. During this time, the Receiver understands that Avonlea continued to pursue parties who may be interested in either the RW&G Properties or the Remaining Saskatchewan Properties.

36. The Receiver advised the prospective purchasers that bids could be made on the entire remaining assets or on an individual asset basis and asked that final bids be received by February 11, 2010.

37. The end result of the solicitation process for the RW&G Properties and the Remaining Saskatchewan Properties is summarized below:

    a) 22 parties executing confidentiality agreements and accessing Action's online data room;

    b) The Receiver executed the Cutpick ASA for a purchase price of $250,000 for the RW&G Properties; and

    c) Several parties expressed interest in the Remaining Saskatchewan Properties, as discussed in further detail below.

Analysis of Offers regarding the Remaining Saskatchewan Properties

38. Several parties expressed interest in the Remaining Saskatchewan Properties along with certain of Action's corporate attributes. The Receiver advises that there was an overall lack of interest by prospective parties in the Remaining Saskatchewan Properties which was in part caused by the following:

    a) The properties have relatively low production and potential abandonment liability relative to asset value;

    b) The lack of potential purchasers who operate in the local area; and

    c) Overall depressed natural gas prices.

39. The Receiver reviewed the offers and expressions of interested received on the Remaining Saskatchewan Properties and assessed each offer based on the following:

    a) The total purchase price;

    b) The type of consideration being offered;

    c) The capability of the prospective purchaser to close the transaction in a timely manner; and

    d) The terms and conditions of the offer.

40. Based on the results of the Receiver's marketing process outlined above, the Receiver concluded that an offer for the Remaining Saskatchewan Properties from Sandbox was superior to the other offers received and; accordingly, at the time of preparation of this report, the Receiver and Sandbox have negotiated a purchase and sale agreement which included the following principal terms and conditions:

a) Purchase price of $1;

b) Assets to be acquired included all the Remaining Saskatchewan Assets comprising properties located in Crane Lake, Russelton, Greater Shackleton and Shackleton areas;

c) Effective date of April 1, 2010

d) Closing date of May 1, 2010 (the "Closing Date");

e) All government approvals must be received within 30 days of the Closing Date or the Sandbox ASA can be terminated by the Receiver: and

f) Subject to Court approval.

41. The Sandbox ASA is expected to be executed prior to the court application and in substantially the form attached at Appendix A.

42. While certain parties expressed interest in the Remaining Saskatchewan Assets, the Receiver believes that the Sandbox ASA should be approved at this time given the following:

a) The assets have been adequately exposed to the marketplace and the purchase price contemplated by the Sandbox ASA is superior to the other offers received to date; and

b) National Bank of Canada (the "National Bank"), the senior secured creditor to Action and the Plaintiff to the Receivership Order has reviewed the terms of the Sandbox ASA and support its approval.

43. The Receiver understands that all Action's oil and gas properties will have been sold/and or transferred assuming approval and completion of the Sandbox ASA.

Saskatchewan Ministry of Energy and Resources

44. The SMER has advised the Receiver that the Licensee Liability Rating (the "LLR") of the Remaining Saskatchewan Properties which was completed in January 2010 indicates a required LLR deposit amount of approximately $2.2 million. The Receiver advises that the LLR calculation is based on the SMER estimated value of the properties as compared to the estimated abandonment cost and will fluctuate depending on several factors including production levels and commodity prices. For example, the Receiver understands that at the time of its appointment, Action estimated the LLR deposit amount to be approximately $800,000 on the Remaining Saskatchewan Properties.

45. The Receiver understands from discussions with representatives of SMER that SMER's current position is that it would require the full posting of the LLR deposit of approximately $2.2 million prior to it approving any related license transfers that may be required as a result of the Sandbox ASA. The Receiver further understands from discussions with Sandbox that Sandbox is unlikely to be able to immediately post the required LLR deposit of $2.2 million but is continuing discussions with SMER in this regard. SMER has been advised of this application and the Receiver notes that the Sandbox ASA attempts to address SMER's concern as a condition of closing in the Sandbox ASA is that Sandbox is required to satisfy the requirement of any governmental authorities (including the SMER) to permit the transfer of the licenses. If such licenses or approvals are not received by Sandbox within 30 days from the closing date of the Sandbox ASA, the Receiver may terminate the Sandbox ASA. The Receiver understands that, assuming Court approval of the Sandbox ASA, Sandbox intends to continue further discussions with SMER in an attempt to resolve the LLR deposit issue.

RECEIVER'S SUMMARY COMMENTS REGARDING THE REMAINING SASKATCHEWAN ASSETS

46. The Receiver advises that the operations of the Remaining Saskatchewan Properties operate on a marginally negative cash flow basis and need certain capital expenditures to enhance production and value, which would logically be made by a strategic purchaser who is familiar with operating oil and gas assets in this area. Sandbox currently has operations in the vicinity of the Remaining Saskatchewan Properties and currently owns a significant working interest in several of the properties, therefore it is a logical purchaser for the assets.

47. The Receiver believes that a thorough and exhaustive solicitation process has been undertaken with respect to the Remaining Saskatchewan Properties and as such, if the transaction with Sandbox is not approved, completed or closed, the likely result would be an orderly shutting in of the oil and gas properties. Furthermore, if this is to occur, the Receiver expects further court applications will be required to address the potential competing priority of claims against the recoveries of the Receiver as they relate to Action's secured creditors and the SMER's LLR deposit relating to the Remaining Saskatchewan Properties.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

48. The table below summarizes the receipts and disbursements of the Receiver from October 28, 2009 to April 22, 2010:

Statement of Receipts less Disbursements	Oct 28/09 to Apri 22/10	Note
Receipts		
Sale of assets to Cutpick	256,890	a
Sale of assets to Westfire	30,127,069	b
Oil and gas sales	2,422,364	c
Receiver's certificate	800,000	d
Collection of receivables	311,526	e
GST	63,868	
Other receipts	11,575	
	33,993,292	
Disbursements		
Oil and gas operations	1,783,103	f
Avonlea commission	900,000	g
Receiver's fees	438,483	h
Payroll/consultants	401,864	i
Administrative expenses	256,470	j
Municipal taxes	113,468	
Royalties	129,455	
Legal fees	123,026	
Insurance	28,888	
Fees to official receiver	70	
	4,174,827	
Receipts less disbursements	**29,818,465**	

49. The following is a description of the major categories in the above table:

a) Sale of assets to Cutpick – relate to the net proceeds received from the sale of the RW&G Properties in accordance with the Cutpick ASA;

b) Sale to Westfire – relate to the proceeds from the sale of assets in accordance with the Westfire ASA;

c) Oil and gas sales – relate to the receipts of revenues of oil and gas during the receivership;

d) Receiver's Certificate – a Receiver's Certificate of $800,000, as allowed for under the Receivership Order, was issued by the National Bank to the Receiver to fund initial cash requirements to continue operations in the period immediately following the commencement of the receivership;

e) Collection of receivables – primarily relate to operating revenue and the collections of pre-receivership joint venture accounts receivable;

f) Oil and gas operations – relate to operating costs associated with the production of oil and gas;

g) Avonlea commission – commission payable to Avonlea relating to the sale of assets to Westfire as approved by this Honourable Court on November 30, 2009;

h) Receiver's fees – fees incurred by the Receiver to date;

i) Payroll costs – comprise payroll expenses related to head office personnel, certain field staff and contract staff; and

j) Administrative expenses – costs incurred and paid relating to general and administrative expenses including office costs, utilities and other miscellaneous expenses.

50. The net receipts less disbursements totals approximately $29.8 million. The Receiver has applied approximately $29.0 million of the net recoveries against the outstanding operating line owing to National Bank in order to reduce ongoing interest charges, with a written agreement in place that the Receiver may revolve the operating line to fund any needed expenditures or priority creditors.

ESTIMATED RECOVERY ANALYSIS

51. The table below summarizes the estimated recovery analysis on both a high and low scenario:

Estimated recovery analysis	High	Low	Note
Receipts less disbursement (see above)	29,818,465	29,818,465	a
Gas cost allowance recovery	300,000	-	b
ARTC receivable	125,000	-	b
Other recoveries	325,000	300,000	c
Final statement of adjustments	(500,000)	(450,000)	d
Estimated operating costs	(150,000)	(200,000)	e
Estimated funds for secured creditors	29,918,465	29,468,465	

52. The table above illustrates the estimated net recoveries are estimated to be between $29.9 million to $29.5 million. The Receiver understands that the National Bank's outstanding secured loans total in excess of $32.0 million. Accordingly, the Receiver advises that the amounts owed to the secured creditors are in excess of the estimated recoveries and, therefore, no recovery is expected for unsecured creditors or secured creditors who have security ranking subsequent to that of the National Bank.

53. The following is a description of the major categories relating the estimated recovery analysis:

a) Receipts less disbursements relates to the net recoveries per the schedule of receipts and disbursements set out in the table above;

b) ARTC and the gas cost allowance represent the estimated recoveries of rebates/receivables from certain Albert government agencies. The high estimate is based on the current estimates and historical recoveries and the low estimate assumes nil to reflect any unforeseen issues or set-offs, etc;

c) Other recoveries primarily relate to the recovery of funds that have been held in trust pending the resolution of a priority dispute between the Receiver and a party claiming an operator's lien. The dispute has been settled and, as a result of the settlement, the Receiver expects to recovery shortly approximately $307,000 of the approximate $327,000 of funds that were held in trust pending resolution of the dispute;

d) The final statement of adjustments relates primarily to net oil and gas revenues relating to the assets acquired by Westfire that have been received by the Receiver since the effective date of the Westfire ASA, which are to the account of Westfire and to be settled in the final statement of adjustment; and

e) Estimated operating costs relate to ongoing operating costs relating to the Remaining Saskatchewan Properties and Receiver fees to complete the administration of the file.

RECOMMENDATIONS

54. The Receiver recommends the approval of the Sandbox ASA.

All of which is respectfully submitted this 23rd day of April 2010.

ERNST & YOUNG INC.,
in its capacity as Receiver
of Action Energy Inc.

Deryck Helkaa, CA•CIRP
Senior Vice-President

APPENDIX "A"

ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made effective this 23rd day of April, 2010

BETWEEN:

ERNST & YOUNG INC., in its capacity as Receiver and Manager of the assets, undertakings and properties of **ACTION ENERGY INC.** . and not in its personal capacity (hereinafter called the "**Vendor**")

OF THE FIRST PART

\- and -

SANDBOX ENERGY CORP., a body corporate having an office in the City of Calgary, in the Province of Alberta (hereinafter called the "**Purchaser**")

OF THE SECOND PART

WHEREAS the Vendor is a receiver appointed by the Court;

AND WHEREAS the Vendor has agreed to the sale of the Assets to the Purchaser and the Purchaser has agreed to purchase the Assets from the Vendor on the terms and conditions set forth herein;

NOW THEREFORE in consideration of the premises and the covenants and warranties herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals the Schedules and this Article 1, the following terms shall have the respective meanings hereby assigned to them:

(a) **"Abandonment and Reclamation Obligations"** means all obligations under common law, the Leases and the Regulations wheresoever and whensoever accruing, whether before or after the Effective Date, to:

(i) abandon the Wells;

(ii) decommission and remove the Tangibles, including foundations and related structures; and

(iii) restore, remediate and reclaim the lands to which the same relate.

(b) **"AFEs"** means the authorities for expenditure, operations' notices and mail ballots, if any, governing the conduct of, or payment for, any activity or operation on or with respect to any of the Assets;

(c) **"Affiliate"** has the meaning attributed thereto in the *Business Corporations Act* (Alberta);

(d) **"Agreement"** means this document, together with the Schedules attached hereto and made a part hereof;

(e) **"Approval Order"** means an order to be granted by the Court which authorizes Vendor's execution and performance of this Agreement, substantially in the form contained in Schedule C of this Agreement;

(f) **"Assets"** means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests ;

(g) **"Base Price"** means the Purchase Price but prior to any adjustments being made as provided herein;

(h) **"Claims"** means all claims against Action or its Affiliates or against the Assets of every nature of kind whatsoever and howsoever arising including, without limiting the generality of the foregoing, all encumbrances, liens, charges, pledges, mortgages and security interests, but excluding Permitted Encumbrances and any security for borrowings made by the Receiver;

(i) **"Closing"** means the exchange of the General Conveyance and Specific Conveyances on the Closing Date, the delivery by Purchaser of the Purchase Price, and the transfer of the Assets to the Purchaser; the Closing shall occur at the offices of Davis LLP at 1000, 250-2nd Street S.W. in the City of Calgary in the Province of Alberta;

(j) **"Closing Date"** means May 3, 2010 at the hour of 11:00 a.m. (local time) at which Closing is to occur as the same may be extended by agreement of the Parties, acting reasonably

(k) **"Court"** means the Court of Queen's Bench of Alberta ;

(l) **"Effective Date"** means April 1, 2010 at the hour of 12:01 A.M. local time;

(m) **"Facilities"** means Action's interest in and to all production facilities (downstream of the wellhead of any Well) including flow lines, and any dehydration or other field processing or storage facilities used in connection with the transportation, processing or storage of Petroleum substances including, but not limited to those set forth in Schedule A.3;

(n) **"General Conveyance"** means a general conveyance of the Assets from the Vendor to the Purchaser substantially in the form of agreement attached hereto as Schedule D;

(o) **"Governmental Authority"** means any government or political subdivision thereof, any agency of government appointed pursuant to the Regulations and any other body or agency having, or purporting to have, authority over the Assets or any operation or activity thereon or with respect thereto;

(p) **"GST"** means the goods and services tax payable pursuant to the *Excise Tax Act*, 1985 R.S.C., c. E-15, as amended, and the Regulations thereunder;

(q) **"Action"** means Action Energy Inc.;

(r) **"Lands"** means Action's interest in and to the lands set forth and described in Schedule A.1, insofar as rights to the Petroleum Substances underlying those lands are granted by the Leases;

(s) **"Leases"** means Action's interest in and to the leases, licences, permits and other documents of title set forth and described in Schedule A.1, by virtue of which the holder thereof is entitled to drill for, win, take, own or remove the Petroleum Substances within, upon or under the Lands or by virtue of which the holder thereof is deemed to be entitled to a share of Petroleum Substances removed from the Lands or any lands with which the Lands are pooled or unitized and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefore;

(t) **"Major Agreements"** means those Title and Operating Agreements respecting the processing, treating, marketing or transmission of Petroleum Substances identified in Schedule A.5;

(u) **"Miscellaneous Interests"** means Action's interest in and to all property, assets and rights on or with respect to the Lands, other than the Petroleum and Natural Gas Rights and the Tangibles, to the extent such property, assets and rights pertain to the Petroleum and Natural Gas Rights or the Tangibles, or any rights relating thereto, including, without limitation of the generality of the foregoing, the entire interest of Action in:

(i) all contracts, agreements and documents, to the extent that they relate to the Petroleum and Natural Gas Rights or the Tangibles, including agreements for the sale, processing or transportation of Petroleum Substances;

(ii) all rights to enter upon, use and occupy the surface of any lands overlying the Lands, or any lands upon which any Tangibles are located or of any lands to be crossed in order to gain access to any of the Lands or the Tangibles; and

(iii) copies of engineering records, files, reports and data that, in the Vendor's reasonable judgement, relate directly to the Petroleum and Natural Gas Rights, any Well or the Tangibles, but excluding the Vendor's tax and financial records, economic evaluations.

Unless otherwise agreed in writing by the Parties, however, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (i) they pertain to

Action's proprietary technology or interpretations; or (ii) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Action to any assignee which is not an Affiliate of Action.

(v) **"Party"** means any Person bound by this Agreement.

(w) "**Permitted Encumbrances**" means:

(i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule A.1;

(ii) any Right of First Refusal or any similar restriction applicable to any of the Assets,

(iii) the terms and provisions of the Title and Operating Documents;

(iv) any deed or agreement under which Action holds any interest relating to the Lands or the Leases in trust for any Person;

(v) all obligations under the AFEs and the Major Agreements outstanding on, as and from the Effective Date;

(vi) the terms and conditions of the Leases, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Leases in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantee's interest in any of the Leases;

(vii) the right reserved to or vested in any grantor, government or other public authority by the term of any Lease or by the Regulations to terminate any Lease;

(viii) easements, rights of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;

(ix) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets, but excluding all such taxes incurred up to the Effective Date that have not been paid;

(x) agreements for the sale, processing, transportation or marketing of Petroleum Substances, which are terminable on thirty (30) days notice (without an early termination penalty or other cost);

(xi) any authority under the Regulations and any rights reserved to or vested in any municipality or Governmental Authority to control or regulate any of the Assets in any manner;

(xii) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Action's share of the costs and expenses thereof which are not due or delinquent on the Effective Date or, if then due or delinquent, are being contested in good faith by the Vendor on the Effective Date ;

(xiii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;

(xiv) agreements and plans relating to pooling or unitization of any of the Lands;

(xv) the Major Agreements or agreements respecting the operation of Wells by contract field operators;

(xvi) provisions for penalties and forfeitures under agreements as a consequence of nonparticipation in operations; and

(xvii) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets;

(x) **"Person"** includes individuals, executors, administrators, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities;

(y) **"Petroleum and Natural Gas Rights"** means the entire interest of Action in and to the Lands and, insofar as they pertain to the Lands and the Leases, lands with which the Lands are pooled or unitized;

(z) **"Petroleum Substances"** means Action's interest in and to petroleum, natural gas, and related hydrocarbons and every other mineral or substance whether hydrocarbon or not, produced in association therewith, or any of them, the right to explore for which, or an interest in which, is granted pursuant to the Leases, but only insofar as they pertain to the Lands;

(aa) **"Pipelines"** means Action's interest in the pipelines identified in Schedule A.4;

(bb) **"Prime Rate"** means the annual rate of interest designated as the base rate, by the main branch in Calgary of the National Bank of Canada, for the determination of interest rates payable on Canadian dollar demand loans to its preferred commercial customers, as such rate may change from time to time;

(cc) **"Purchase Price"** means the amount payable by the Purchaser to the Vendor for the Assets pursuant to Article 2, as adjusted as provided for herein;

(dd) **"Receiver"** means Ernst & Young., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action, appointed by the Court under action number 0901-16005 on October 28, 2009 (the "Receivership Order") to facilitate the sale of the Assets:

(ee) **"Regulations"** means all statutes, laws, rules, orders and regulations in effect from time to time and made by any Governmental Authority;

(ff) **"Right of First Refusal"** means any preferential right to purchase any of the Assets, held by a Third Party and by virtue of which, the Third Party has the right to acquire any portion of the Vendor's interest in any of the Assets pursuant to, or as a consequence of, the transactions proposed in this Agreement;

(gg) **"Specific Conveyances"** means all conveyances, assignments, transfers, registerable transfers, novations, notice of assignments and other documents and instruments that are reasonably required or desirable to convey, assign and transfer the Assets of the Purchaser and to novate the Purchaser in the place and stead of Action with respect to the Assets. It shall be the responsibility of the Purchaser to prepare (at its sole cost and expense) and present at Closing for execution by Vendor (in form and substance satisfactory to Vendor, acting reasonably), all of the Specific Conveyances deemed necessary by Purchaser to transfer Action's interest in and to the Assets after Closing;

(hh) **"Tangibles"** means the entire interest of Action, whether leased or owned, in and to all tangible depreciable property, real property (other than the Leases) and assets that are:

(i) located in or on the Lands and used, or intended for use, in connection with production, processing, gathering, storage, treatment or transportation operations respecting the Petroleum Substances, including, without limitation, the Facilities and the Pipelines;

(ii) all Wells including the wellbores, casing, production tubing and wellheads located on the Lands which may be used to produce Petroleum Substances from the Lands or otherwise serve the Lands and

(iii) any additional items or equipment, whether located on or off the Lands that are related to the Assets including any rental equipment (but, with respect to rental equipment, limited to Action's right to convey its lessee's interest therein and, in any event, excluding any proprietary information technology owned by Third Parties and licensed to Action;

(ii) **"Third Party"** means a Person other than the Vendor and Purchaser;

(jj) **"Title and Operating Documents"** means, in respect of the Assets, all documents of title (including the Leases, any permits, operating agreements, pooling agreements, royalty agreements, overriding royalty agreements, gross overriding royalty agreements, participation agreements, farmin and farmout agreements, purchase and sale agreements, trust agreements and declarations, agreements for the construction, ownership and operation of Tangibles, and gathering, transportation and processing agreements) or other agreements that relate to the Assets, and the ownership or operation thereof;

(kk) **"Wells"** means Action's interest in and to all producing, suspended, abandoned, shut-in, injection, disposal and other wells located on the Lands or any lands pooled or unitized therewith, including, without limitation, the wells listed under the heading Wells in Schedule A.1.

1.2 Schedules

The following Schedules are attached hereto and made part of this Agreement:

(a) Schedule A comprising:

Schedule A.1, which includes: the Lands, the Leases and the Wells

Schedule A.2 which identifies the AFEs;

Schedule A.3 which identifies the Facilities;

Schedule A.4 which identifies the Pipelines;

Schedule A.5 which identifies the Major Agreements;

(b) Schedule B, which is the form of the certificate to be provided by Purchaser pursuant to Paragraph 4(b)(iv);

(c) Schedule C which is the Approval Order; and

(d) Schedule D which is the General Conveyance.

1.3 References

The references "hereunder", "herein" and "hereof" refer to the provisions of this Agreement, and references to Articles, Clauses, Subclauses, Paragraphs or Subparagraphs herein refer to Articles, Clauses, Subclauses, Paragraphs or Subparagraphs of this Agreement. Any reference to time shall refer to Mountain Standard Time or Mountain Daylight Savings Time during the respective intervals in which each is in force.

1.4 Headings

The headings of the Articles, Clauses, Subclauses, Schedules and any other headings, captions or indices herein are inserted for convenience of reference only and shall not be used in any way in construing or interpreting any provision hereof.

1.5 Singular/Plural

Whenever the singular or masculine or neuter is used in this Agreement or in the Schedules, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires.

1.6 Use Of Canadian Funds

All references to "dollars" or "$" herein shall refer to lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

1.8 Interpretation If Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.

1.9 Conflicts

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or a Specific Conveyance, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of a Lease or the Regulations, the term or condition of such Lease or the Regulations shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement Of Purchase And Sale

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from the Vendor, all of the right, title, estate and interest (whether absolute or contingent, legal or beneficial), if any, of Action in and to the Assets, subject to and in accordance with the terms of this Agreement. Effective as and from the Effective Date, the Purchaser shall assume and bear all obligations associated with the Assets, including but not limited to the Permitted Encumbrances.

2.2 Purchase Price

The monetary consideration payable by the Purchaser for the Assets is one ($1.00) dollar. In determining the Purchase Price, the Parties have taken into account the Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and Reclamation Obligations associated with the Assets, as set forth in this Agreement, and the absolute release of Action and the Vendor of all and any responsibility or liability therefore.

2.3 Adjustment of Purchase Price

On or before Closing, the Parties shall meet and attempt, in good faith, to agree on any adjustments to be made to the Purchase Price to reflect

(a) any expenses paid prior to the Effective Date by Action, all or part of which are attributable to any period or periods commencing on the Effective Date, the benefit of which will be enjoyed by the Purchaser; and

(b) the net revenues arising from the sale of the Vendor's share of Petroleum Substances from and after the Effective Date and prior to the Closing Date. In determining such revenues the Parties shall deduct from the gross proceeds of sale of such Petroleum Substances paid or payable for production during the period, the Vendor's share of all lessor and other royalties, lease rentals and surface lease rentals, all capital and operating costs incurred by the relevant operator and similar costs and expenses attributable to the ownership and operation of the Assets and the production, transportation, gathering and sale of such Petroleum Substances.

Forthwith after the execution of this Agreement by the Parties, the Vendor shall prepare, or cause to be prepared, it best good faith estimate of the adjustments required to be made under this Clause 2.3 and shall, by notice, provide to Purchaser, Vendor's estimate of the amounts so determined. If, in aggregate, the amount of such adjustments is in favour of the Vendor, the Base Amount shall be increased by such amount. If in the aggregate, the amount of such adjustments is in favour of the Purchaser, Vendor shall deduct from the Purchase Price (or alternatively pay to Purchaser) the amount thereof..

2.4 Joint Election

The Parties agree to make a joint successor election under section 66.7 of the *Income Tax Act* (Canada) in respect of all of the cumulative resource tax accounts of Action as permitted thereunder. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file such elections in the form and within the time periods prescribed or specified under such Act so as to transfer such cumulative resource tax pools from Action to Purchaser to the maximum extent permitted under such Act.

2.5 GST

At Closing, Purchaser shall be solely responsible for all sales taxes, transfer taxes, fees, charges, levies or similar assessments which may be imposed by any Governmental Authority and pertaining to its acquisition of the Assets or to the circulation and registration of the Specific Conveyances including, but not limited to, GST. The Purchase Price does not include GST. Vendor (to the extent required) and Purchaser agree to prepare and execute GST Form 44 in respect of the Assets to minimize any GST payable thereon. Purchaser shall file GST Form 44 within the limits prescribed in the *Excise Tax Act*. If GST is payable in respect of the purchase of the Assets pursuant hereto, Purchaser shall be responsible for the payment of, and shall indemnify and save harmless Vendor and the Receiver in respect of, the GST and all interest and penalties payable pursuant to the *Excise Tax Act* in respect thereof. The GST registration number of Action is 13481 6651 RT0001. The GST registration number of Purchaser is 849212253RT0001.

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Required Consents

Except as provided in Clause 3.2, it is a condition precedent to Closing for the benefit of both of the Parties that the Court has granted the Approval Order on or prior to the Closing Date. Each of the Parties shall fully cooperate in all reasonable efforts to obtain the Approval Order The Parties acknowledge that the consent of Third Parties to the Material Agreements may not be obtainable until after Closing and that the acquisition of such consents shall not be a condition precedent to Closing.

3.2 Well License Transfers

Notwithstanding Clause 3.1 hereof, the Parties acknowledge that the Purchaser will be required to satisfy the requirements of Governmental Authorities to permit transfer of the licenses to the Wells from the Vendor to the Purchaser. It shall be the sole responsibility of the Purchaser to obtain all such approvals, and to provide such deposits or other financial assurances that may be required by such Governmental Authority, within thirty (30) days from the Closing Date (or such later date as the Parties may agree). Purchaser shall use its best efforts to satisfy any such requirement. If licenses to the Wells are not transferred by the relevant Governmental Authority to Purchaser on or prior to expiry of such period, on written notice from Vendor to Purchaser, Vendor may terminate this Agreement and thereafter neither Party shall have any further right or obligation to the other hereunder.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

(a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date

(b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been duly and timely performed in all material respects; and

(c) Vendor shall have performed or complied in all material respects with each of the terms, covenants and conditions of this Agreement to be performed or complied with by the Vendor at or prior to the Closing Date;

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, the Purchaser may rescind this Agreement by written notice to Vendor. If Purchaser rescinds this Agreement in accordance with this Clause 3.3 each of Purchaser and Vendor shall be released and discharged from all obligations hereunder except as provided in Article 10.

3.4 Efforts to Fulfil Conditions of Closing

The Parties shall proceed diligently and in good faith and use diligent commercial efforts to satisfy and comply with, or assist the other Party in, the satisfaction and compliance with the conditions precedent specified in Clause 3.3. If there is a condition precedent that is to be satisfied or complied with prior to the Closing Date, and if, by the time the condition precedent is to be satisfied or complied with by Vendor, the Purchaser has failed to advise Vendor that the condition precedent has not been satisfied or complied with, the condition precedent shall be conclusively deemed to have been waived by the Purchaser.

3.5 Waiver of Conditions

The conditions in Clause 3.3 are for the sole benefit of the Purchaser. The Purchaser may waive any of them, in whole or in part, by written notice to the Vendor, without prejudice to any of the rights of the Purchaser , including, without limitation, reliance on or enforcement of the representations, warranties or covenants which are preserved and pertain to conditions similar to the condition so waived. However, the Purchaser may not waive the existence and operation of any Right of First Refusal or, without the concurrence of the Vendor, any required consent of a Third Party to the Vendor's disposition of any of the Assets.

3.6 Failure to Satisfy Conditions

In the event any of the conditions in Clause 3.3 has not been satisfied at or before the Closing Date and such condition has not been waived by the Party for the benefit of which such condition has been included, such Party may terminate this Agreement by written notice to the other Party. However a Party may not terminate this Agreement in such manner after Closing and its remedies thereafter, if any, with respect to the failure to satisfy such condition shall be limited to damages.

ARTICLE 4
CLOSING

4.1 Closing Date

Unless otherwise agreed by the Parties, Closing of the transactions contemplated in this Agreement shall occur on the Closing Date.

4.2 At Closing

(a) Vendor shall execute and deliver to the Purchaser:

(i) the Specific Conveyances; and

(ii) the General Conveyance.

(b) Purchaser shall have prepared and executed the Specific Conveyances and shall deliver to the Vendor:

(i) payment of the Purchase Price, as adjusted herein;

(ii) a certificate of status evidencing the due registration and good standing of the Purchaser in the jurisdiction in which the Lands are located;

(iii) the Specific Conveyances duly executed by the Purchaser; and

(iv) an executed copy of a Certificate, substantially in the form annexed as Schedule B, with respect to Purchaser's representations and warranties under this Agreement.

ARTICLE 5
MAINTENANCE OF BUSINESS

5.1 Assets To Be Maintained In Proper Manner

The Vendor shall continue to maintain the Assets in a proper and prudent manner in accordance with good oil field practice and the Regulations until Closing. The Vendor shall maintain insurance respecting the Assets during the period between the Effective Date and the Closing Date and provided Closing occurs, the proceeds of any such insurance shall be the property of the Purchaser.

5.2 Material Commitments

(a) Until Closing, the Vendor shall not (except as otherwise contemplated in this Agreement), without the prior written consent of the Purchaser:

(i) voluntarily assume any obligation or commitment with respect to the Assets, where the Vendor's share of the expenditure associated with such obligation or commitment is estimated to exceed $25,000.00;

(ii) surrender or abandon any of the Assets;

(iii) amend any agreement or enter into any new agreement respecting the Assets other than renewals, in the ordinary course of business, of agreements in effect on the Effective Date;

(iv) propose or initiate the exercise of any right (including bidding rights at Crown sales, rights under area of mutual interest provisions and rights of first refusal) or option relative to, or arising as a result of the ownership of the Assets, or propose or initiate any operations on the Lands which have not been commenced or committed to by the Vendor as of the earlier of the date of this Agreement or the Effective Date, if such exercise or option would result in either an obligation of the Purchaser hereunder after the Effective Date or a Material Adverse Effect on the value of any of the Assets;

(v) sell, transfer or otherwise dispose of the Assets, or any of them, unless such sale or transfer results from any term or provision of the Title and Operating Documents; or

(vi) grant a security interest or any encumbrance with respect to any of the Assets other than as permitted by the Receivership Order to secure Receiver's borrowings.

However, the Vendor may assume such obligations or commitments and propose or initiate such operations or exercise any such right or option without the prior consent of the Purchaser, if the Vendor reasonably determines that such expenditures or actions are necessary for the protection of life or property, in which case the Vendor shall promptly notify the Purchaser of such intention or actions and the Vendor's estimate of the costs and expenses associated therewith.

(b) If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in an obligation of the Purchaser pursuant to Subclause 5.2(a), the following Paragraphs shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "**Proposal**"):

(i) the Vendor shall promptly give notice of the Proposal to the Purchaser, including with such notice the particulars of such Proposal in reasonable detail;

(ii) the Purchaser shall, not later than forty-eight (48) hours prior to the time the Vendor is required to make its election with respect to the Proposal, advise the Vendor, by notice, whether it wishes the Vendor to exercise its rights with respect to the Proposal on behalf of and at the sole cost of the Purchaser, provided that failure of the Purchaser to make such election within such period shall be deemed to be an election by the Purchaser to participate in the Proposal;

(iii) the Vendor shall make the election authorized by the Purchaser with respect to the Proposal within the period during which the Vendor may respond to the Proposal; and;

(iv) election by the Purchaser not to participate in any Proposal required to preserve the existence of any of the Assets shall not entitle the Purchaser to any reduction of the Purchase Price in the event that the Vendor's interest therein is terminated as a result of such election, and such termination shall not constitute a failure of the Vendor's representations and warranties pertaining to such Assets, notwithstanding Article 3 and Article 6 .

5.3 Maintenance Of Assets Until Novations Completed

Following Closing and to the extent that the Purchaser must be, and has not then been, novated into any of the Title and Operating Documents governing any of the Assets, the following provisions shall apply with respect to such Assets from the Closing Date until the novation has been effected:

(a) the Vendor shall not initiate any operation with respect to the Assets, except upon the written instruction of the Purchaser or if the Vendor reasonably determines that it is required for the protection of life or property, in which case the Vendor may take such actions as it reasonably determines are required without the written instruction of the Purchaser and shall promptly notify the Purchaser of such intention or actions and the Vendor's estimate of the costs and expenses associated therewith;

(b) the Vendor shall forthwith provide to the Purchaser all authorizations for expenditure, notices, specific information and other documents the Vendor receives with respect to the Assets, and shall respond to such authorizations for expenditure, notices, information and other documents pursuant to the written instruction of the Purchaser, if received on a timely basis, provided that the Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with an applicable contract; and

(c) the Vendor shall forthwith deliver to the Purchaser all revenues, proceeds and other benefits received by the Vendor with respect to the Assets, less the share of the applicable lessor royalties, operating costs, treating, processing and transportation expenses and those other costs and expenses directly associated with the Assets and the production of Petroleum Substances, provided that the Vendor shall not be permitted to deduct from such revenues, proceeds and other benefits any other costs and expenses it incurs as a result of such delivery to the Purchaser.

5.4 Vendor Deemed Agent Of Purchaser

(a) Insofar as the Vendor maintains the Assets and takes actions with respect thereto on behalf of the Purchaser pursuant to this Article, the Vendor shall be deemed to have been the duly authorized agent of the Purchaser hereunder. The Purchaser ratifies all actions taken by the Vendor or refrained from being taken by the Vendor pursuant to the terms of this Article 5 in such capacity during such period, with the intention that all such actions shall be deemed to be those of the Purchaser.

(b) Insofar as the Vendor participates in either operations or the exercise of rights or options as the agent of the Purchaser pursuant to this Article, the Vendor may require the Purchaser to secure the costs to be incurred by the Vendor on behalf of the Purchaser pursuant to such election in such manner as may be reasonably appropriate in the circumstances.

(c) The Purchaser shall indemnify the Vendor and its directors, officers, servants, agents or employees against all liabilities, losses, costs (including legal costs on a solicitor client basis), claims or damages which the Vendor or its directors, officers, servants, agents or employees may suffer or incur as a result of maintaining the Assets as the agent of the Purchaser pursuant to this Article, insofar as such liabilities, losses, costs, claims or damages are not a direct result of the gross negligence or wilful misconduct of the Vendor or its directors, officers, servants, agents or employees. An action or omission of the Vendor or its directors, officers, servants, agents or employees shall not be regarded as gross negligence or wilful misconduct if it was done or omitted to be done in accordance with the instructions of or with the concurrence of the Purchaser.

5.5 Restriction On Purchaser's Proposal Of Operations

Prior to Closing, the Purchaser shall not, without the written consent of the Vendor, propose to the Vendor, or request the Vendor to propose to Third Parties, the conduct of any operations on the Lands or the exercise of any right or option respecting the Assets.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF PARTIES

6.1 Vendor's Representations And Warranties

The Vendor represents and warrants to the Purchaser that:

(a) **Standing:** The Vendor is the duly appointed Receiver and Manager of the assets, undertakings and properties of Action.

(b) **Requisite Authority:** The Vendor has the requisite capacity, power and authority to execute this Agreement and to perform the obligations to which it thereby becomes subject, provided that Vendor shall have no liability for the discharge by it of any obligation hereunder unless and until the Approval Order has been granted;

(c) **Execution and Enforceability:** This Agreement has been validly executed and delivered by the Vendor, and this Agreement and all other documents executed and delivered on behalf of the Vendor hereunder shall, subject to the jurisdiction of the Court in respect of insolvency, bankruptcy, reorganization and other laws of general application limiting the enforcement of creditor's rights generally, and to the fact that specific performance is an equitable remedy available only in the discretion of the court, , constitute valid and binding obligations of the Vendor enforceable in accordance with their respective terms and conditions;

(d) **Residency for Tax Purposes:** Action is not a non resident of Canada within the meaning of the *Income Tax Act* (Canada);

(e) **No Finders' Fees:** The Purchaser shall not have any responsibility for any obligation or liability, contingent or otherwise, for brokers' or finders' fees, if any, incurred by the Vendor with respect to the transactions herein.;

6.2 Purchaser's Representations And Warranties

The Purchaser represents and warrants to the Vendor that:

(a) **Standing:** The Purchaser is a corporation, duly organized, valid and subsisting under the laws of its jurisdiction of incorporation, and duly registered and authorized to carry on business in each jurisdiction in which the Lands are located;

(b) **Requisite Authority:** The Purchaser has the requisite capacity, power and authority to execute this Agreement and the Specific Conveyances and to perform the obligations to which it thereby becomes subject;

(c) **No Conflict:** The execution and delivery of this Agreement and the completion of the purchase of the Assets in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with:

(i) any term or provision of the charter, by-laws or other governing documents of the Purchaser; or

(ii) the Regulations or any judicial order, award, judgement or decree applicable to the Purchaser;

(d) **Execution and Enforceability:** The Purchaser has taken all actions necessary to authorize the execution and delivery of this Agreement and, as of the Closing Date, the Purchaser shall have taken all actions necessary to authorize and complete the purchase of the Assets in accordance with the provisions of this Agreement. This Agreement has been validly executed and delivered by the Purchaser, and this Agreement and all other documents executed and delivered on behalf of the Purchaser hereunder shall constitute valid and binding obligations of the Purchaser enforceable in accordance with their respective terms and conditions , subject to the jurisdiction of the court in respect of insolvency, bankruptcy, reorganization and other laws of general application limiting the enforcement of creditor's rights generally, and to the fact that specific performance is an equitable remedy available only in the discretion of the court;

(e) **Residency for Tax Purposes:** The Purchaser is not a non resident of Canada within the meaning of the *Income Tax Act* (Canada);

(f) **No Sales' Commissions:** The Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees with respect to the transactions herein for which the Vendor shall have any responsibility;

(g) **Purchaser As Principal:** The Purchaser is acquiring the Assets in its capacity as a principal, and is not purchasing the Assets for the purpose of resale or distribution to a Third Party; and

(h) **Well Licences:** Subject only to Section 3.2, the Purchaser satisfies all qualification requirements of all Governmental Authorities to purchase, to take a transfer of and to hold the Assets, including without limitation, the requirements of Governmental Authorities to have any of Leases, and the licences for the Wells and Facilities to be transferred to Purchaser.

6.3 Survival Of Representations And Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to Clause 6.1 or 6.2, as the case may be. Subject to Subclause 5.2(b)(iv), the representations and warranties in Clauses 6.1 and 6.2 shall be true on the Effective Date and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of three (3) months, for the benefit of the Party to which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation or warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

6.4 No Merger

The representations and warranties in Clauses 6.1 and 6.2 shall be deemed to apply to all Specific Conveyances conveying any of the Assets from Action to the Purchaser. There shall not be any merger of any of such representations or warranties in such Specific Conveyances, notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

6.5 No Additional Representations Or Warranties By Vendor

(a) The Vendor expressly negates any representations or warranties, whether written or verbal, made by the Vendor, its agents, servants or employees except as expressly stated in Clause 6.1 and in particular, without limiting the generality of the foregoing, the Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated (orally or in writing) to the Purchaser or any of its employees, agents, consultants or representatives. The Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise with respect to:

(i) Action's right, title and interest in and to the Assets or any of them;

(ii) the value of the Assets;

(iii) the quality, condition, fitness, merchantability or serviceability of the Assets;

(iv) the suitability of the Assets use for any purpose; or

(v) compliance with Regulations.

(b) Without restricting the generality of the foregoing, the Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of the Vendor's interests in the Assets and the state and condition thereof and that it has relied solely on such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.

(c) Except with respect to the representations and warranties in Clause6.1 or in the event of fraud, the Purchaser forever releases and discharges the Vendor and its directors, officers, servants, agents and employees from any claims and all liability to the Purchaser or the Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to the Purchaser by the Vendor or its directors, officers, servants, agents or employees prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non factual materials prepared by or for the Vendor, or otherwise in the Vendor's possession.

ARTICLE 7
LIABILITY AND INDEMNIFICATION

7.1 Responsibility Of Purchaser

Provided that Closing has occurred, the Purchaser shall:

(a) be liable to the Vendor for all losses, costs, damages and expenses whatsoever which the Vendor may suffer, sustain, pay or incur; and

(b) indemnify and save the Vendor and its directors, officers, servants, agents and employees harmless from and against all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which they may sustain, pay or incur;

as a result of any matter or thing arising out of, resulting from, attributable to or connected with the Assets and occurring or accruing subsequent to the Effective Date or arising from the breach of any representation, warranty or covenant of the Purchaser contained in this Agreement, except any losses, costs, damages, expense, claims, liabilities, actions, proceedings and demands to the extent that the same either are reimbursable by insurance maintained by the Vendor or are caused by the gross negligence or wilful misconduct of the Vendor, its directors, officers, servants, agents, employees or assigns. The responsibility prescribed by this Clause, however, does not provide either an extension of any representation or warranty contained in Clause 6.1 or an additional remedy for the Purchaser's breach of such a representation or warranty.

7.2 Assets Acquired On "As Is" Basis

Notwithstanding the foregoing provisions of this Article, the Purchaser acknowledges that it is acquiring the Assets on an "as is" basis, as of the Effective Date. The Purchaser acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as is specifically made pursuant to Clause 6.1. Provided that Closing has occurred, the Purchaser further agrees that, as of the Effective Date, it shall:

(a) be solely liable and responsible for any and all losses, costs, damages and expenses which the Vendor may suffer, sustain, pay or incur; and

(b) indemnify and save the Vendor and its directors, officers, servants, agents and employees harmless from any and all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which they may sustain, pay or incur;

as a direct result of any matter or thing arising out of, resulting from, attributable to or connected with acts or omissions pertaining to environmental damage or contamination or other environmental problems pertaining to the Assets, however or by whomever the same occurred, whether such claims, demands, losses, costs, risks or expenses arose prior or subsequent to the Effective Date including any matters relating to:

(i) surface, underground, air, groundwater or surface contamination;
(ii) the abandonment or plugging of any Wells;
(iii) the Abandonment and Reclamation Costs of any part of the Assets;
(iv) the breach of any Regulations, as the same relate to the environment, in effect at any time; or
(v) the removal of or failure to remove any foundations, structure or equipment from the Lands.

Once Closing has occurred, the Purchaser shall be solely responsible for all of the foregoing environmental liabilities respecting the Lands, the Abandonment and Reclamation of the Wells and the reclamation of the Lands as between the Vendor and the Purchaser, and hereby releases the Vendor from any claims the Purchaser may have against the Vendor with respect to all such liabilities and responsibilities. Subsection (i) above shall not apply to environmental contamination which commenced to accrue from and after the date of grant of the Receivership Order and which was attributable to the wilful neglect of the Receiver, its agents and employees.

7.3 No Merger Of Legal Responsibilities

The liabilities and indemnities created in this Article shall be deemed to apply to, and shall not merge in, all and any Specific Conveyances conveying any of the Assets from Action to the Purchaser, notwithstanding the terms of such Specific Conveyances, the Regulations or any rule of law or equity to the contrary, and all such rules are hereby waived.

7.4 Substitution And Subrogation

Insofar as is possible, each Party shall have full rights of substitution and subrogation in and to all covenants, representations and warranties by others previously given or made in respect of the Assets or any of them.

7.5 Responsibility Extends To Legal Costs

Notwithstanding any provision to the contrary contained in this Article, references to costs in the liability and indemnification obligations prescribed by Clauses 7.1 and 7.2 shall be deemed to include reasonable legal costs on a solicitor and his own client basis.

ARTICLE 8
PURCHASER'S REVIEW

8.1 Vendor To Provide Access

The Vendor shall, subject to the Regulations and all contractual and fiduciary obligations and limits:

(a) provide the Purchaser and its nominees reasonable access to Action's records, files and documents directly relating to the Assets, for the purpose of the Purchaser's review of the Assets and Action's title thereto, including, without limitation, the Leases and applicable operating agreements, unit agreements, overriding royalty agreements and production, sale transaction and processing contracts; and

(b) provide the Purchaser and its nominees with a reasonable opportunity to inspect the Assets at the Purchaser's sole cost, risk and expense, insofar as the Vendor can reasonably provide such access to the Assets.

ARTICLE 9
EXCLUSIVITY

9.1 Solicitation and Negotiations with Third Parties

From and after the date hereof, the Vendor shall not:

(a) authorize or permit any of its Representatives to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) or participate in or take any action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to a Take-over Proposal from any Person, and engage in any discussion, negotiations or inquiries relating thereto and accept any Take-over Proposal; or,

(b) engage in discussions or negotiations with a Third Party who seeks to participate in such discussions or negotiations and may furnish to such Third Party information concerning the Assets that has previously been provided to, or is in the possession of, Purchaser with the view of effecting a Take-Over Proposal.

9.2 Take-over Proposal

In this Article 9 "**Take-over Proposal**" means a proposal or offer (verbal or written) by a Third Party (other than by Purchaser or an Affiliate of Purchaser), whether or not subject to a due diligence condition, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the Assets or to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the outstanding securities of Action, whether by way of an arrangement, amalgamation, merger, consolidation or other business combination, by means of a sale of shares, sale of assets, tender offer or exchange offer or similar transaction involving Action, including any single or multi-step transaction or series of related transactions that are structured to permit such Third Party to acquire beneficial ownership of all or a material portion of the Assets or to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 50% of the outstanding securities of Action (in all cases other than the transactions contemplated by this Agreement).

ARTICLE 10
CONFIDENTIALITY

10.1 Purchaser's Obligation To Maintain Information as Confidential

Information respecting the Assets shall be retained in confidence and used only for the purposes of this Agreement and shall not be disclosed, used, dealt with or exploited by Purchaser for any other purpose, provided that upon Closing, the Purchaser's rights to use or disclose such information shall be subject only to any operating, unit or other agreements that may apply thereto. Any additional information obtained as a result of such access which does not relate to the Assets shall continue to be treated as confidential and shall not be disclosed, used, dealt with or exploited by the Purchaser without the prior written consent of the Vendor. However, the restrictions on disclosure and use of information in this Agreement shall not apply to information to the extent it:

(a) is or becomes publicly available through no act or omission of the Purchaser or its consultants or advisors;

(b) is subsequently obtained lawfully from a Third Party, which, after reasonable inquiry, the Purchaser does not know to be bound to the Vendor to restrict the use or disclosure of such information; or

(c) is already in the Purchaser's possession at the time of disclosure, without restriction on disclosure.

However, specific items of information shall not be considered to be in the public domain merely because more general information respecting the Assets is in the public domain.

10.2 Consultants And Advisors Bound

If the Purchaser employs consultants, advisors or agents to assist in its review of the Assets, the Purchaser shall be responsible to the Vendor for ensuring that such consultants, advisors and agents comply with the restrictions on the use and disclosure of information set forth in this Article 10.

ARTICLE 11
WAIVER

11.1 Waiver Must Be In Writing

No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

ARTICLE 12
ASSIGNMENT

12.1 Assignments Before Closing

Prior to Closing, neither Party may assign its interest in or under this Agreement or to the Assets without the prior written consent of the other Party, except as may be required by the Vendor to comply with its obligations respecting any Right of First Refusal

12.2 Assignments By Purchaser After Closing

No assignment, transfer or other disposition of this Agreement or all or any portion of the Assets by the Purchaser after Closing shall relieve the Purchaser from its obligations to the Vendor herein. The Vendor shall have the option to claim payment or performance of such obligations from the Purchaser or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle the Vendor to receive duplicate payment or performance of the same obligation.

ARTICLE 13
NOTICE

13.1 Service Of Notice

Notwithstanding anything to the contrary contained herein, all notices required or permitted hereunder shall be in writing. Any notice to be given hereunder shall be deemed to be served properly if served in any of the following modes:

(a) personally, by delivering the notice to the Party on which it is to be served at that Party's address for service. Personally served notices shall be deemed to be received by the addressee when actually delivered as aforesaid, provided that such delivery shall be during normal business hours on any day other than a Saturday, Sunday or statutory holiday in Alberta. If a notice is not delivered on such a day or is delivered after the addressee's normal business hours, such notice shall be deemed to have been received by such Party at the commencement of the addressee's first business day next following the time of the delivery;

(b) by telecopier or facsimile (or by any other like method by which a written message may be sent) directed to the Party on which it is to be served at that Party's address for service. A notice so served shall be deemed to be received by the addressee when actually received by it, if received within normal business hours on any day other than a Saturday, Sunday or statutory holiday in Alberta or at the commencement of the next ensuing business day following transmission if such notice is not received during such normal business hours; or

(c) by mailing it first class (air mail if to or from a location outside of Canada) registered post, postage prepaid, directed to the Party on which it is to be served at that Party's address for service. Notices so served shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt or the fourth (4th) day (excluding Saturdays, Sundays and statutory holidays in Alberta) following the mailing thereof. However, if postal service is (or is reasonably anticipated to be) interrupted or operating with unusual delay, notice shall not be served by such means during such interruption or period of delay.

13.2 Addresses For Notices

The address for service of notices hereunder of each of the Parties shall be as follows:

VENDOR:

ERNST & Young Inc.., in its capacity as Receiver and Manager f the assets, undertakings and properties of **ACTION ENERGY INC..** and not in its personal capacity
c/o Davis LLP
1000, 250-2nd Street S.W.
Calgary AB T2P 0C1

attn: Larry Robinson Q.C.

PURCHASER:

Sandbox Energy Corp.
2nd Floor, 604- 1st Street S.W.
Calgary AB T2P 1M7

attn: Chris D. Tesarski
President and CEO

13.3 Right To Change Address

A Party may change its address for service by notice to the other Party, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

ARTICLE 14
PUBLIC ANNOUNCEMENTS

14.1 Approval Required for Press Releases

(a) The Parties shall cooperate with each other in relaying to Third Parties information concerning this Agreement and shall receive written approval from the other Party of all press releases and other releases of information prior to publication which approval may not be unreasonably withheld. However, nothing in this Clause shall prevent a Party from furnishing any information to any Governmental Authority or to the public, insofar only as is required by the Regulations or securities laws applicable to such Party, provided that a Party which proposes to make such a public disclosure shall, to the extent reasonably possible, provide an officer of the other Party with a draft of such statement a sufficient time prior to its release to enable such other Party to review such draft and advise that Party of any comments it may have with respect thereto.

(b) Notwithstanding Subclause 14.1(a), the Vendor shall be permitted to disclose information pertaining to this Agreement and the identity of the Purchaser, to the extent required to enable the Vendor to fulfil its obligations pertaining to Rights of First Refusal and such disclosure as Vendor believes is necessary or advisable to obtain the Approval Order and the Vesting Order.

14.2 Signs And Notification To Governmental Authorities

Following Closing, the Vendor may remove any signs which indicate the Action's ownership or operation of the Assets. If the Purchaser will be the operator of the Assets, it shall be the responsibility of the Purchaser to erect or install any signs required by Governmental Authorities which pertain to the Assets. In addition, the Purchaser shall be responsible for advising all Governmental Authorities, contractors, suppliers and other affected Third Parties of the Purchaser's interest in the Assets.

ARTICLE 15
MISCELLANEOUS PROVISIONS

15.1 Further Assurances

At the Closing Date and thereafter as may be necessary, the Parties shall execute, acknowledge and deliver such instruments and take such other actions as may be reasonably necessary to fulfil their respective obligations under this Agreement.

Purchaser shall provide Vendor with reasonable access to, and Vendor may retain or subsequently obtain from Purchaser copies or photocopies of, any of the documents comprised in Miscellaneous Interests that Vendor considers necessary to enable it to comply with any laws or the requirements of any authority or to conduct audits relating to the period prior to the Closing Date. Such right of access shall terminate twenty-four (24) months after the Closing Date.

15.2 Governing Law

This Agreement shall be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta. Each Party accepts the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

15.3 Time

Time shall be of the essence in this Agreement

15.4 No Amendment Except In Writing

This Agreement may be amended only by written instrument executed by the Vendor and the Purchaser.

15.5 Consequences Of Termination

If this Agreement is terminated in accordance with its terms prior to Closing, then except for the provisions of Article 10 and the covenants, warranties, representations or other obligations breached prior to the time at which such termination occurs, the Parties shall be released from all of their obligations under this Agreement. If this Agreement is so terminated, the Purchaser shall promptly return to the Vendor all materials delivered to the Purchaser by the Vendor hereunder, together with all copies of them that may have been made by or for the Purchaser.

15.6 Supersedes Earlier Agreements

This Agreement supersedes all other agreements between the Parties with respect to the Assets and expresses the entire agreement of the Parties with respect to the transactions contained herein.

15.7 Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the Parties have duly executed this Agreement.

ERNST & Young Inc., in its capacity as Receiver and Manager of the assets, undertakings and properties of **ACTION ENERGY INC..** and not in its personal capacity	**Sandbox Energy Corp**.
Per: ______________________________	Per: ______________________________
•	•
Per: ______________________________	Per: ______________________________
•	•

This is SCHEDULE A to an Agreement of Purchase and Sale dated April 23, 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

the "Lands". "Leases", "Wells",

"AFEs"

"Facilities"

"Pipelines"

"Major Agreements"

This is SCHEDULE A.1 to an Agreement of Purchase and Sale dated April 23, 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

the "Lands", "Leases" and "Wells"

This is SCHEDULE A.2 to an Agreement of Purchase and Sale dated April 23, 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

"AFEs"

none

This is SCHEDULE A3 to an Agreement of Purchase and Sale dated April 23, 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

"Facilities"

This is SCHEDULE A.4 to an Agreement of Purchase and Sale dated April 23, 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

"Pipelines"

none

This is SCHEDULE A.5 to an Agreement of Purchase and Sale dated April 23, 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

"Major Agreements"

B-1

This is SCHEDULE B to an Agreement of Purchase and Sale dated April 23. 2010 between Ernst & Young Inc., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

PURCHASER'S OFFICER'S CERTIFICATE

RE: Article 6 of the Agreement of Purchase and Sale ("Agreement") dated April 23, 2010

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, (• Name), (• Position) of Sandbox Energy Corp ("the Purchaser") hereby certify that as of the date of this Certificate:

1. Each of the covenants, representations and warranties of the Purchaser contained in Clause 6.2 of the Agreement was true and correct in all material respects as of the Effective Date and is true and correct in all material respects as of the Closing Date.

2. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.

3. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this ___ day of ____________, 2010.

Sandbox Energy Corp.

Per: ______________________________

•

This is SCHEDULE C to an Agreement of Purchase and Sale dated April 23. 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

"Approval Order"

This is SCHEDULE D to an Agreement of Purchase and Sale dated April 23. 2010 between Ernst & Young Inc.., in its capacity as Receiver and Manager of the assets, undertakings and properties of Action Energy Inc., as Vendor, and Sandbox Energy Corp., as Purchaser

"General Conveyance"

Action No. 0901-16005

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff

- and -

ACTION ENERGY INC., NORTHERN GAS MARKETING INC. and GRIFFON PETROLEUM INC.

Defendants

FOURTH REPORT OF THE RECEIVER OF ACTION ENERGY INC.

DAVIS LLP
Barristers & Solicitors
1000 - 250 2nd St. SW
Calgary, Alberta
T2P 0C1

Larry B. Robinson, Q.C.
Phone: 403.698.8715
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