

**PAINT EARTH ENERGY SERVICES INC.  
NOTICE AND STATEMENT OF RECEIVER**  
(Subsections 245(1) and 246(1) of the Act)

In the Matter of the Court Appointed Interim Receivership of the Property of  
**Paintearth Energy Services Inc. (the “Company”)**

1. Please be advised that on Monday September 27, 2010 Ernst & Young Inc. was named Court Appointed Interim Receiver (the “Receiver”) in respect of the property of the Company, an insolvent person, that is described below:

|                   | Net Book Value (note 1)<br><u>as at August 31, 2010</u> |
|-------------------|---------------------------------------------------------|
| Other receivables | \$ 14,492                                               |
| Prepaid expenses  | 116,368                                                 |
| Investments       | 299                                                     |
| Fixed Assets      | 479,990                                                 |
| Intangibles       | <u>160,196</u>                                          |
| Total             | <u>\$ 771,345</u>                                       |

Note:

1 – Net book value is based on unaudited books and records of the Company.

2. Ernst & Young Inc. became Receiver in respect of the property described above pursuant to an Order of the Court of Queen’s Bench of Alberta dated September 27, 2010.
3. The Receiver took possession and control of the property described above on September 28, 2010.
4. The following information relates to the receivership:

Principal line of business:

- a) Principal address of the insolvent person: 2435 22nd Street NE  
Calgary, AB T2E 8K8  
Canada
- b) Principal line of business: Administrative and holding  
company
- c) Location of the business : 2435 22nd Street NE  
Calgary, AB T2E 8K8  
Canada

d) Amounts owed by the Company are as follows:

| <u>Name</u>                                   | <u>Claim Amount</u> |
|-----------------------------------------------|---------------------|
| Secured creditors – see attached Appendix A   | \$10,838,446        |
| Statutory/Preferred creditors                 | Unknown             |
| Unsecured creditors – see attached Appendix A | <u>Unknown</u>      |
| Total                                         | <u>\$10,838,446</u> |

e) The intended action plan of the Receiver is to realize on the remaining property of the Company through a sale of the property.

f) The Receiver contact is:

Ernst & Young Inc.  
1000 Ernst & Young Tower  
440 - 2<sup>nd</sup> Avenue SW  
Calgary, AB T2P 5E9

Attention: Ms. Betty Trinh  
Telephone: (403) 206-5116  
Facsimile: (403) 206-5075

Dated at Calgary, Alberta this 6<sup>th</sup> day of October, 2010.

**ERNST & YOUNG INC.**  
**Court Appointed Interim Receiver of**  
**Paintearth Energy Services Inc.**

A handwritten signature in black ink, appearing to be 'Neil Narfason', written over a horizontal line.

Neil Narfason, CA•CIRP, CBV  
Senior Vice President

**Paintearth Energy Services Inc.**  
**Creditors Listing**  
**As at September 27, 2010**

| <b>Secured Creditors</b>        | <b>Amount (\$ CDN)</b> |
|---------------------------------|------------------------|
| HSBC Bank Canada                | 4,773,636              |
| Intergrated Production Services | 2,000,000              |
| Vengrowth (see note 1)          | 4,064,810              |
| <b>Total Secured Creditors</b>  | <b>\$ 10,838,446</b>   |

Note 1 - Amounts owing to Vengrowth relate to a syndicated loan from Vengrowth III Investment Fund Inc., VG Mezzanine I Limited Partnership, and The Vengrowth Traditional Industries Fund Inc.