Bankruptcy No.

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF
NORTH PAW ENERGY SERVICES LTD.

I hereby certify this to be a true copy of the original.

for Registrar in Bankruptcy

APPLICATION

ROYAL BANK OF CANADA ("RBC") of Edmonton, in the Province of Alberta and elsewhere throughout Canada, hereby makes application to this Honourable Court that North Paw Energy Services Ltd. ("Energy") be adjudged bankrupt, that a Bankruptcy Order be made in respect of the property of Energy, of Edmonton, in the Province of Alberta, lately carrying on business at Edmonton, Alberta, and that the time for service of this Application and the Affidavit of Truth in support be abridged to the time actually given and that service be deemed good and sufficient, and says that:

1. Within the year immediately preceding the date of the initial bankruptcy event, Energy had carried on business in Edmonton, Alberta, and that Energy had resided during the year immediately preceding the date of the initial bankruptcy event in Edmonton, Alberta, each, within the jurisdiction of this Honourable Court.

2. Energy is justly and truly indebted to RBC in the sum of $918,617.61 plus interest from and after August 29, 2010, plus costs as stated in the Application.

3. RBC holds security for the payment of the sum of $918,617.61 plus interest from and after August 29, 2010 and costs and estimates the value of such security at approximately $147,107.31.

4. Energy within the six (6) months next preceding the date of the filing of this Application has failed to meet its liabilities generally as they became due in that it has failed to pay the outstanding indebtedness as set out above.

5. In addition to the indebtedness outstanding to RBC, Energy has failed to pay outstanding obligations to, *inter alia*:

(a) R.O.I. Rangeland Oilfield Inc. in the sum of $80,575.32;
(b) CE Frankland Ltd. in the sum of $30,460.76;
(c) Frank Henry Equipment in the sum of $8,023.46.

6. Ernst & Young Inc. of the City of Calgary, in the Province of Alberta is a person qualified to act as Trustee of the property of Advantage and has agreed to act as such and is acceptable to the Application Creditor.

DATED at the City of Edmonton, in the Province of Alberta, this 4 day of OCT, 2010.

ROYAL BANK OF CANADA

Per: ____________________

____
Witness

Issued at the City of Edmonton,
in the Province of Alberta,
this 6 day of Oct, 2010.

SEAL

L.A. SMART
____
Registrar of Bankruptcy

:2853809_1.DOC.

AFFIDAVIT OF EXECUTION

CANADA	)	I, Colleen Cust
PROVINCE OF ALBERTA	)	of Edmonton,
TO WIT:	)	in the Province of Alberta
		MAKE OATH AND SAY:

1. THAT I was personally present and did see David W. Johnson, a duly authorized Account Manager of Royal Bank of Canada named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

2. THAT the same was executed at the City of Edmonton, in the Province of Alberta, and that I am the subscribing witness thereto.

3. THAT I know the said David W. Johnson and he is, in my belief, of the full age of eighteen years.

SWORN BEFORE ME at the City of Edmonton, in the Province of Alberta, this 4th day of Oct, 2010.)

Corinne Daniels

A Commissioner for Oaths in and for the Province of Alberta)

Colleen Cust

CORINNE [illegible] DANIELS
MY CO[illegible]
July 25, 2013

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NOTICE OF HEARING

TO: North Paw Energy Services Ltd.

TAKE NOTICE that an Application that a Bankruptcy Order being made in respect of your property will be heard before Registrar ________________ in Bankruptcy and Insolvency Chambers at the Law Courts, Edmonton, Alberta, at 2:00 o'clock in the afternoon on Thursday, the 14th day of October, 2010 or so soon thereafter as the Application can be heard.

AND FURTHER TAKE NOTICE that if notice of cause against the Application Creditor is not filed in Court and a copy thereof served on the solicitor for the Application Creditor at least two days before the hearing and if you do not appear at the hearing the Court may make a Bankruptcy Order on such proof of the statements in the Application as the Court shall think sufficient.

DATED at the City of Edmonton, in the Province of Alberta, this 6th day of October, 2010.

BANKRUPTCY AND INSOLVENCY
FILED
OCT - 6 2010
EDMONTON
FAILLITE ET INSOLVABILITE

EDMDOCS|RRUTMAN|2853809-1

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Bankruptcy No. 115437

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTC
OF
NORTH PAW ENERGY SERVICES LTD

APPLICATION

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 - 101 Street
Manulife Place
Edmonton, Alberta
T5J 3V5

Solicitor: Ray C. Rutman
Telephone: (780) 423-7246
File: 125665.8158/RCR

Bankruptcy No. ______________

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF
NORTH PAW ENERGY SERVICES LTD.

AFFIDAVIT OF TRUTH OF STATEMENTS IN APPLICATION

I, David W. Johnson, of the City of St. Albert, in the Province of Alberta, Banker, MAKE OATH AND SAY THAT:

1. I am an account manager employed by Royal Bank of Canada ("RBC"), the Application Creditor. I have reviewed the records of RBC kept in its ordinary course of business in relation to North Paw Energy Services Ltd. ("Energy") and as such I have a personal knowledge of the matters hereinafter deposed to except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.

2. An Order was granted in the Court of Queen's Bench, Judicial District of Edmonton, Action Number 1003 02172 (the "Receivership Action") on February 12, 2010 by the Honourable Mr. Justice B.R. Burrows (the "Receivership Order") which appointed Ernest & Young Inc. (the "Receiver") as receiver of the property of Energy (and others).

3. Attached to my Affidavit as Exhibit "A" is a copy of the Receivership Order.

4. By the Receivership Order, RBC was given leave to commence and proceed with a bankruptcy application in relation to Energy.

5. RBC is a bank to which the *Bank Act* (Canada) applies.

6. Energy is justly and truly indebted to RBC in the sum of $918,617.61 plus interest from and after August 29, 2010, plus costs as stated in the Application.

7. Attached to my Affidavit collectively as Exhibit "B" are true copies of entries in the ordinary books or records of RBC. The entries were made in the ordinary and usual course of

business and the books and records were at the time of the entries one of the ordinary books or records of RBC. Exhibit "B" is evidence of the indebtedness of Energy to RBC.

8. As security for the indebtedness of Energy to RBC, Energy granted to RBC a General Security Agreement securing all present and after acquired personal (and other) property as well as leases of personal property. Attached to my Affidavit as Exhibit "C" collectively are true copies of such security.

9. I estimate the value of the above mentioned security at approximately $147,107.31.

10. I have been informed by the Receiver that Energy is indebted to persons other than RBC and that such indebtedness includes, without limitation:

(a) R.O.I. Rangeland Oilfield Inc. in the sum of $80,575.32;
(b) CE Frankland Ltd. in the sum of $30,640.76;
(c) Frank Henry Equipment in the sum of $8,023.46.

11. I do verily believe that all of the above indebtedness is truly owing and in default.

12. With the exception of the information referred to in relation to the indebtedness outstanding to other creditors (which I believe to be true), the facts alleged in the application are, within my own knowledge true.

13. I make this Affidavit bona fide in support of an application for a Bankruptcy Order in relation to Energy.

SWORN BEFORE ME at the City of)
Edmonton, in the Province of Alberta, this)
4th day of October, 2010)
)
A Commissioner for Oaths in and for the
Province of Alberta

DAVID W. JOHNSON

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2013

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Action No. 1003 02172

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF EDMONTON

A

BETWEEN:

I hereby certify this to be a true copy of the original.

for Clerk of the Court

ROYAL BANK OF CANADA

David W. Johnson
4th Oct
2010
Corinne Daniels

Plaintiff

\- and -

ADVANTAGE OILFIELD GROUP LTD., NORTH PAW ENERGY SERVICES LTD., RANCO HOLDINGS LTD., 1208362 ALBERTA LTD. and CHRISTOPHER BRUINS

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2013

Defendants

BEFORE JUSTICE B.R. Burrows

IN CHAMBERS, LAW COURTS, EDMONTON, ALBERTA

ON FRIDAY THE 12TH DAY OF FEBRUARY, 2010.

RECEIVERSHIP ORDER

UPON the application of Royal Bank of Canada ("RBC"); AND UPON having read the Notice of Motion and the Affidavit of an officer of RBC, filed; AND UPON having read the consent of Ernst & Young Inc. to act as receiver (the "Receiver") of the property of Advantage Oilfield Group Ltd. ("Advantage"), North Paw Energy Services Ltd. ("North") and Ranco Holdings Ltd. ("Ranco") (individually and collectively the "Corporation"), filed; AND UPON hearing counsel for RBC; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to Section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2 and Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c.B-3 as amended, Ernst & Young Inc. is hereby appointed receiver without security, of all of the Corporation's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate and carry on the business of the Corporation, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Corporation;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Corporation or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Corporation and to exercise all remedies of the Corporation in collecting such monies, including, without limitation, to enforce any security held by the Corporation;

(g) to settle, extend or compromise any indebtedness owing to or by the Corporation;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Corporation, for any purpose pursuant to this Order;

(i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Corporation;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Corporation, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;

(k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business;

(i) without the approval of this Court in respect of any transaction not exceeding $50,000, provided that the aggregate consideration for all such transactions does not exceed $250,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act,* R.S.A. 2000, c. P-7 shall not be required.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licenses, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Corporation;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Corporation, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Corporation;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Corporation may have; and

(s) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Corporation, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Corporation, (ii) all of the current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's requests.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Corporation, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or

provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE CORPORATION OR THE PROPERTY

8. No Proceeding against or in respect of the Corporation or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Corporation or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement, if ~~such~~ proceeding is not commenced before the expiration of the stay provide~~d by this paragraph 8 and~~ the Plaintiff is given leave to

Bxx BRB

commence and proceed with a bankruptcy application in relation to the Corporation. Provided further that the Plaintiff is given leave to continue with this action and nothing in this Order shall prevent any person from initiating or continuing any Proceeding against 1208362 Alberta Ltd. or Christopher Bruins.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Corporation, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Corporation to carry on any business which the Corporation is not lawfully entitled to carry on, (ii) exempt the Receiver or the Corporation from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favour of or held by the Corporation, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 2(1) of the *Companies' Creditors Arrangement Act)* with the Corporation from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Corporation or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Corporation are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the

Corporation's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Corporation or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Notwithstanding anything in any Federal or Provincial Law, if the Receiver carries on the business of the Corporation, or continues the employment of the Corporation's employees, the Receiver is not by reason of that fact personally liable in respect of a liability, including one as successor employer, :

(a) that is in respect of the employees or former employees of the Corporation or a predecessor of the Corporation or in respect of a pension plan for the benefit of those employees; and

(b) that exists before the Receiver is appointed or that is calculated by reference to a period before such appointment.

14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act,* S.C. 2000, c. *5,* the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their

advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Corporation, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

(i) before the Receiver's appointment; or

(ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or willful misconduct.

(b) Nothing in sub-section (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-section.

(c) Notwithstanding anything in any federal or provincial law, but subject to sub-section (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

(i) if, within such time as is specified in the order, within ten days after the order is made if no time is so specified, within ten days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in paragraph (i), the Receiver:

A. complies with the order, or

B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

(ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in paragraph (i), within ten days after the order is made or within ten days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,

A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or

B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

(iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the *BIA* or any other applicable legislation.

RECEIVER'S ACCOUNTS

16. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

17. The Receiver and its legal counsel shall pass their accounts from time to time.

18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

19. The Receiver is directed to make reasonable efforts to record and account for its costs and expenditures in respect of each of Advantage, North and Ranco on a company by company basis to the extent practical and reasonably possible.

FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *parri passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

24. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

26. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Corporation.

27. The Registrar of Titles is directed to register a copy of this Order in the Land Titles Office against title to any land registered in the name of the Corporation notwithstanding the requirements of subsection 191(1) of the *Land Titles Act* R.S.A. 2000 c.L-4.

28. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

30. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiffs security, then on a substantial indemnity basis to be paid by the Receiver from the Corporation's estate with such priority and at such time as this Court may determine.

31. Nothing in this Order shall preclude the Plaintiff from enforcing security or otherwise realizing upon property of any guarantor of the Corporation.

32. The Plaintiff is given leave *nunc pro tunc* to have initiated and prosecuted the application for this Order and is given leave to continue with any and all proceedings in relation to this Action.

33. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such shorter or other ~~other~~ notice, ~~if any~~, as this Court may order. BRB

34. Service of the Statement of Claim in these proceedings is deemed good and sufficient upon each of the Defendants effective February 9, 2010.

35. Service of the within Order upon the Defendants may be effected upon the Defendants by faxing or e-mailing a true copy of this Order to the Defendants, care of their solicitors Stillman LLP, 300, 10335 – 172 Street, Edmonton, Alberta, T5S 1K9 Attention: Christopher Hoose, Fax 780-484-4184 E-mail choose@stillmanllp.com.

"B.R. Burrows"

J.C.Q.B.A.

ENTERED this 12 day of Feb, 2010.

CLERK OF THE COURT

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ____________
AMOUNT $____________

1. THIS IS TO CERTIFY that ______________________, the receiver and/or receiver and manager (in each capacity the "Receiver") of all of the assets, undertaking and property ________________________________ of appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the ____ day of ______, 20___ (the "Order") made in action ________________, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $________, being part of the total principal sum of $__________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of ______________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ______________________________.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of ________________, 20___.

______________________________, solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: ____________________________
Name: __________________________
Title: ___________________________

Action No. 1003 02172

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

- and -

ADVANTAGE OILFIELD GROUP LTD.,
NORTH PAW ENERGY SERVICES LTD.,
RANCO HOLDINGS LTD., 1208362 ALBERTA LTD.
and CHRISTOPHER BRUINS

Defendants

FILED
FEB 12 2010
JUDICIAL DISTRICT OF EDMONTON
Clerk of the Court of Queen's Bench

RECEIVERSHIP ORDER

FRASER MILNER CASGRAIN LLP
2900, 10180 – 101 Street
Manulife Place
Edmonton, Alberta
T5J 3V5

Solicitor: Ray C. Rutman
Telephone: (780) 423–7246
Facsimile: (780) 423–7276

File: 125665-8158/RCR

EDMDOCS|RRUTMAN|2586618-2

ÔLN23000 OLBB - Online Branch Banking

Card: 91143272 Level: 060 Transit: 03779

▶ Main Menu

Print | Help | Exit

Close Inquiry

2010 / 08 / 16

OLB044I - Reply messages completed

^ - Required Information

Transaction 230 - Close Inquiry

^ Loan Account Number: 74121096

^ Loan Number: 001

BackDate Code:

Effective date (YYYY / MM / DD): / /

Print: Yes No

Find Clear

Results

Inquiry Type: CLOSE INQ Inquiry Date: AUG 16/10 Inquiry Time: 13:26:59

Loan Account Number - Segment: 74121096-001

Short Name:	NORTH PAW ENER*	Deferred Indicator:	
Loan Officer Number:	803	Fees Owing:	0.00
Loan Description:	DEMAND LOAN	Uncollected Interest:	12,633.57
Status:	II	Net Capitalization:	0.00
Inquiry Effective Date:	AUG 16/10	Deferred Income:	0.00
Outstanding Loan:	500,000.00	Exess Kilometer Charge:	N/A
Interest to Date:	13,856.17	Student Interest:	0.00
Insurance to Date:	0.00	Interest Relief Months:	
Loan Closing Amount:	513,856.17	PSED:	N/A
Amort Term Remaining:	N/A		
Per Diem Interest:	58.22		
Payment / Maturity Date:	N/A		

B

David W. Johnson

4 October 2010

TOP ▲

Cancel

Release: 43.1

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2013

CLIENT INFORMATION			RENTAL PAST-DUE					FEES	CASH ON ACCOUNT	GROSS RECEIVABLE	SUSPENDED INCOME
LESSEE	LEASE	LEGAL NAME	PAYMENT DATE	5-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS				
15079	15364	NORTH PAW ENERGY SERVICES LTD.	4	$ 9,125.14	$ 9,125.14	$ 9,125.14	$ 45,625.70	$ -	$ -	$ 168,290.53	$ 1,770.73
15079	27544	NORTH PAW ENERGY SERVICES LTD.	7	$ -	$ -	$ -	$ 8,971.00	$ -	$ -	$	$ -
15079	10585	NORTH PAW ENERGY SERVICES LTD.	23	$ 9,612.77	$ 9,612.77	$ 9,612.77	$ 48,063.85	$ -	$ -	$ 53,477.07	$ 1,197.64
				1	1	1	5				

Lessee: 15079 Lease: 15364

Today's date: 17-Aug-10

Prime Rate: 2.75% Factor: 0.000215278

	Rent:	Date Due	Days past-due	
Past-due rentals:	$ 9,125.14	01/04/2010	225	$ 442.00
	$ 9,125.14	02/04/2010	194	$ 381.10
	$ 9,125.14	03/04/2010	166	$ 326.10
	$ 9,125.14	04/04/2010	135	$ 265.20
	$ 9,125.14	05/04/2010	105	$ 206.27
	$ 9,125.14	06/04/2010	74	$ 145.37
	$ 9,125.14	07/04/2010	44	$ 86.44
	$ 9,125.14	08/04/2010	13	$ 25.54
Total:	$ 73,001.12			$ 1,878.00

Gross Receivables:	$ 168,290.53		
Purchase-option:	$ 4,038.01		
Sub-total:	$ 164,252.52	Tax:	
Rent:	$ 9,125.14	$ 456.26	5.00%
	18.00		
P.O.	04/04/2012		

Summary:

Past-due rent:		$	73,001.12
GST:	Y	$	3,650.06
PST:		0	
QST:		0	
HST:		0	
Total:		$	76,651.18

Remaining Rents:		
Number:		18.00
Amount:	$	9,125.14
Sub-total:	$	164,252.52
Purchase-option:	$	4,038.01
Sub-total:	$	168,290.53
GST: Y	$	8,414.53
PST:	0	
QST:	0	
HST:	0	
Total:	$	176,705.06

Other charges:		Description:
Per-diem late charge:	$	1,878.00
Total Demand:	**$**	**255,234.24**

Valid to: 28-Aug-10

Lessee: **15079** **Lease:** **27544**

Today's date: 17-Aug-10

Prime Rate: 2.75% Factor: 0.000215278

Past-due rentals:

Rent:	Date Due	Days past-due	
$ 2,242.75	01/06/2010	223	$ 107.67
$ 2,242.75	02/06/2010	192	$ 92.70
$ 2,242.75	03/06/2010	164	$ 79.18
$ 2,242.75	04/06/2010	133	$ 64.21
$ 0.35	05/06/2010	103	$ 0.01
		0	$ -
		0	$ -
		0	$ -
Total: $ 8,971.35			$ 343.77

Gross Receivables:	$ -		
Purchase-option:	$ 0.35		
Sub-total:	$ (0.35)	Tax:	
Rent:	$ 9,125.14	$ 456.26	5.00%

(0.00) .

Summary: P.O. 05/06/2010

Past-due rent:		$	8,971.35
GST:	Y	$	448.57
PST:		0	
QST:		0	
HST:		0	
Total:		$	9,419.92

Remaining Rents:

Number:			(0.00)
Amount:		$	9,125.14
Sub-total:		$	(0.35)
Purchase-option:		$	0.35
Sub-total:		$	-
GST:	Y	$	-
PST:		0	
QST:		0	
HST:		0	
Total:		$	-

Other charges:			Description:
Per-diem late charge:	$	343.77	
Total Demand:	**$**	**9,763.69**	

Valid to: 28-Aug-10

Lessee: **15079** **Lease:** **10585**

Today's date: 17-Aug-10 Prime Rate: 2.75% Factor: 0.000215278

	Rent:	Date Due	Days past-due		
Past-due rentals:	$ 9,612.77	12/23/2009	237	$	490.45
	$ 9,612.77	01/23/2010	206	$	426.30
	$ 9,612.77	02/23/2010	175	$	362.15
	$ 9,612.77	03/23/2010	147	$	304.20

	$ 9,612.77	04/23/2010	116	$	240.05
	$ 9,612.77	05/23/2010	86	$	177.97
	$ 9,612.77	06/23/2010	55	$	113.82
	$ 9,612.77	07/23/2010	25	$	51.74
Total:	$ 76,902.16			$	2,166.68

Gross Receivables:	$ 53,477.07		
Purchase-option:	$ 53,477.07		
Sub-total:	$ -	Tax:	
Rent:	$ 9,612.77	$ 480.64	5.00%
	0.00	.	
P.O.	08/23/2010		

Summary:

Past-due rent:		$	76,902.16
GST:	Y	$	3,845.11
PST:		0	
QST:		0	
HST:		0	
Total:		$	80,747.27

Remaining Rents:

Number:			0.00
Amount:		$	9,612.77
Sub-total:		$	-
Purchase-option:		$	53,477.07
Sub-total:		$	53,477.07
GST:	Y	$	2,673.85
PST:		0	
QST:		0	
HST:		0	
Total:		$	56,150.92

Other charges:			Description:
Per-diem late charge:	$	2,166.68	
Total Demand:	**$**	**139,064.87**	

Valid to: 28-Aug-10

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA** ("RBC") a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

(i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(A) all Inventory of whatever kind and wherever situate;

David W. Johnson

(B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(C) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2023

(D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(E) all contractual rights and insurance claims;

(F) ~~all patents, industrial designs, trade-marks, trade secrets and know-how~~ including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto;
and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Alberta). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor'), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable,and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss or damage to Collateral;

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

(i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iii) all financial statements prepared by or for Debtor regarding Debtor's business;

(iv) all policies and certificates of insurance relating to Collateral; and

(v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Colllateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

~~(i) any one of the events described in Clause 11 hereof;~~

(ii) a declaration by RBC pursuant to Clause 12 hereof;or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of ~~Collateral in such manner, at such time or times and place or places, for such~~ consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying ~~the locations at which Debtor's business is carried on and Collateral and records relating~~ thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security

Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or financing change statement registered by RBC or any verification statement pertaining to a registration by RBC.

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR NORTH PAW ENERGY SERVICES LTD.		
ADDRESS OF BUSINESS DEBTOR 47 EAST 3RD AVE		
CITY DUNMORE	PROVINCE AB	POSTAL CODE T1A 8M5

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

WITNESS / OFFICER SIGNATURE* (as to all signatures)	EXECUTION DATE			NORTH PAW ENERGY SERVICES LTD.
	Y	M	D	
	07	04	05	

Name:

* Address

* Address

* Professional Capacity

**Carrying on Business as:

(Principal Address)

(City, Town, etc. & Province)

BRANCH ADDRESS
AB SE COMMERCIAL MARKETS
580 3 ST SE
MEDICINE HAT AB T1A 0H3

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

   47 EAST 3RD AVE
   DUNMORE, AB
   T1A 8M5

2. Locations of Records relating to Collateral (if different from 1. above)

3. Locations of Collateral (if different from 1. above)

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

Leasing Schedule

(PPSA – S)
Lessee # 15079 Lease # 10585

Royal Bank of Canada, as Lessor, hereby leases to North Paw Energy Services Ltd. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of August 23, 2007

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
		All equipment, goods and services as further detailed on the Equipment Schedule attached hereto, including all attachments, additions, replacements, and substitutions.		

See attached Foreign Exchange Addendum for additional terms and provisions.

2. Term	Term (in months)	42
	Commencement Date of Term	August 23, 2007
	Termination Date of Term	February 23, 2011
3. Rental	Rental Installment, payable Monthly, in Advance	$9,842.49
	GST/HST, if any	$590.55
	PST/QST, if any	$0.00
	Total Monthly Rental Installment	$10,433.04
	Security Deposit	$0.00
	Other Charges	$500.00
4. Option to Purchase	Option to Purchase Date	Purchase Price
	August 22, 2010	$54,755.04
5. Place of Use	Alberta	
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.	

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

per ____________________

date Sept 10/07

North Paw Energy Services Ltd.

per ____________________

per ____________________

date Sept 10/07

RBC000282

EQUIPMENT SCHEDULE

This is the Equipment Schedule attached to and forming part of Lease No. 15079-10585 (the "Lease") between North Paw Energy Services Ltd. as Lessee and Royal Bank of Canada as Lessor.

Vendor	Invoice #	Invoice Date	Equipment Cost
Artex - USA	IN-2007087	August 13, 2007	US$338,088.00

TOTAL NET EQUIPMENT COST IN CANADIAN FUNDS IS $365,033.61.

Initialed by
Royal Bank of Canada:

Initialed by
North Paw Energy Services Ltd.:

FOREIGN EXCHANGE ADDENDUM

attached to Lease # 15079-10585 between
Royal Bank of Canada (as Lessor)
and North Paw Energy Services Ltd. (as Lessee)

This addendum forms part of and is incorporated into a Lease between the undersigned Lessor and the undersigned Lessee, such lease having been signed by the Lessee on August 23, 2007.

Lessee acknowledges that Lessor is required to pay both the purchase price for the Equipment and all applicable duties and taxes in Vendor's local currency. For this purpose, Lessor will purchase the appropriate currency at such time, in such amounts, and on such terms as Lessor in its sole discretion, considers advisable in the circumstances.

The foreign exchange rate used to prepare the leasing agreements was 1.079700 (hereinafter called the "Currency Rate") on the abovementioned date.

Whenever there is a difference between the Lessor's actual total cost, in Canadian Funds, for the Equipment and the Estimated Total Cost thereof, in Canadian Funds, of $365,033.61 (as calculated by the Lessor based on the Currency Rate) by reason of any change in any applicable rate of foreign currency exchange between the date of execution of this Lease by Lessee and the date of purchase of the Equipment, the Lessor shall calculate the amount of such difference and thereafter advise the Lessee of the same. In the event that the Lessor's actual total cost for the Equipment is greater or lesser than the Estimated Total Cost thereof, the Lessor shall adjust the rental payments and purchase option amount to reflect the increase or decrease in total cost. The Lessee agrees to pay the adjusted rentals as if the same had originally been set forth in the Lease. The Lessor will provide notification of any adjustments within 15 days of purchasing the foreign currency, in writing to the address shown on the Lease Agreement.

In the event that the Lessor purchases foreign currency as aforesaid for the purpose of making payment to the supplier or the Lessor enters into a foreign exchange contract for such purpose and such foreign currency is not required by the Lessor for any reason (other than the Default of Lessor), the Lessee shall forthwith upon demand pay to the Lessor any net loss or expense incurred by the Lessor as a result of or in connection with the resale or disposition of such foreign currency or the termination of such foreign exchange contract.

ROYAL BANK OF CANADA "LESSOR"	North Paw Energy Services Ltd. "LESSEE"
By:	By:
Title:	Title:
	By:
	Title:

Rev 05/04

RBC

Corporate Payments Service Agreement
(PPSA)

CUSTOMER NAME: North Paw Energy Services Ltd.
ADDRESS: PO Box 22007 RPO Med Hat Core
CITY: Medicine Hat PROVINCE: Alberta POSTAL CODE: T1A 8M5

RE: PAYMENT AUTHORIZATION PLAN AGREEMENT

This document will serve as an Agreement between North Paw Energy Services Ltd. ("Payor") and Royal Bank of Canada "Royal Bank". The purpose of the Agreement is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions.

The Payor hereby authorises Royal Bank to draw on the Payor's account for the purpose of making lease payments under Lease Number 15079-10585 between Payor and Royal Bank. Debits processed by Royal Bank of Canada in paper, electronic or other form, may vary in dollar amount up to a maximum of $10,433.04, and be processed at any time and from time to time beginning August 23, 2007. Royal Bank will process the debit Monthly on the 23rd day of each month. I/We authorize Royal Bank to adjust this fixed amount from time to time with either verbal or written instructions. Thus, agreeing to waive pre-notification.

Details of the account upon which Royal Bank is authorised to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution: RBC
Branch Address: ______
City, Province: ______
Transit Number of Financial Institution and Branch: 07599 003
Account Number: ~~1017615~~ 1017102

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorisation provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. The Borrower's Pre-Authorized Debit Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

ACCEPTED BY:

ROYAL BANK OF CANADA

Per: ______

NAME OF PAYOR:

North Paw Energy Services Ltd.

Per: ______

Per: ______

Lessee No.	Lease No.	Rental Amount	GST/HST (as applicable)	PST/QST (as applicable)	Total Charges (Including taxes)	For Office Use Only
15079	10585	$9,842.49	$590.55	$0.00	$10,433.04	

Goods & Services Tax No: 105 248 165

RBC000285

Corporate Payments Service Agreement
(PPSA)

CUSTOMER NAME: North Paw Energy Services Ltd.

ADDRESS: PO Box 22007 RPO Med Hat Core

CITY: Medicine Hat PROVINCE: Alberta POSTAL CODE: T1A 8M5

RE: PAYMENT AUTHORIZATION PLAN AGREEMENT

This document will serve as an Agreement between North Paw Energy Services Ltd. ("Payor") and Royal Bank of Canada "Royal Bank". The purpose of the Agreement is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions.

The Payor hereby authorises Royal Bank to draw on the Payor's account for the purpose of making lease payments under Lease Number 000015079-27544 between Payor and Royal Bank. Debits processed by Royal Bank of Canada in paper, electronic or other form, may vary in dollar amount up to a maximum of $6,754.84, and be processed at any time and from time to time beginning May 7, 2007. Royal Bank will process the debit Monthly on the 7th day of each month. I/We authorize Royal Bank to adjust this fixed amount from time to time with either verbal or written instructions. Thus, agreeing to waive pre-notification.

Details of the account upon which Royal Bank is authorised to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	RBC
Branch Address	______
City, Province	______
Transit Number of Financial Institution and Branch	07599 003
Account Number	1017102

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorisation provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. The Borrower's Pre-Authorized Debit Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

ACCEPTED BY: NAME OF PAYOR:

ROYAL BANK OF CANADA North Paw Energy Services Ltd.

Per. ______ Per. ______

Per. ______

Lessee No.	Lease No.	Rental Amount	Goods & Services Tax (if applicable)	PST/HST/QST (as applicable)	Total Charges (including taxes)	For Office Use Only
000015079	27544	$6,372.49	$382.35	$0.00	$6,754.84	

Goods & Services Tax No: 105 248 165

RBC000286

RBC

Amending Agreement
(Equipment Lease Agreement)

THIS AGREEMENT made the 13th day of April 2009.

BETWEEN:

NORTH PAW ENERGY SERVICES LTD. ("Lessee"),

-and-

ROYAL BANK OF CANADA ("Royal Bank"),

WHEREAS:

Royal Bank and the Lessee entered into the following Equipment Lease or Leasing Schedule, hereinafter referred to as the "Lease"

15079-27544 **Dated: May 7, 2007**

IN CONSIDERATION OF the premises and the sum of TEN DOLLAR ($10.00) paid by the Lessee to Royal Bank (the receipt and sufficiency of which is acknowledged) the parties agree as follows:

Please note the following assets have been paid out and will no longer show on lease:

1-1994 Komatsu PC03-2 Mini Excavator
1-1999 Kenworth T800B Crane (VIN: 1XKDDBOX4XR956459)

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this Amending Agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

IN ALL OTHER RESPECTS the provisions of the Lease are hereby ratified and confirmed.

Fee of **$0.00** payable upon execution of this agreement.

ROYAL BANK OF CANADA	NORTH PAW ENERGY SERVICES LTD.
per______________	per______________
per______________	per______________

RBC000287

RBC

Corporate Payments Service Agreement

USTOMER NAME: NORTH PAW ENERGY SERVICES LTD.
DDRESS: PO BOX 22007 RPO MED HAT CORE
ITY: MEDICINE HAT PROVINCE: AB POSTAL CODE: T1A 8M5

E: PAYMENT AUTHORIZATION PLAN AGREEMENT

his document will serve as an Agreement between **NORTH PAW ENERGY SERVICES LTD.** ("Payor") and Royal Bank of anada "Royal Bank". The purpose of the Agreement is to facilitate the transfer of funds from the Payor to Royal Bank as payee nder the following terms and conditions.

he Payor hereby authorises Royal Bank to draw on the Payor's account for the purpose of making lease payments under Lease umber **15079-27544** between Payor and Royal Bank. Debits processed by Royal Bank of Canada in paper, electronic or other rm, may vary in dollar amount up to a maximum of **$2,354.89** and be processed at any time and from time to time beginning **pril 7, 2009** Royal Bank will process the debit monthly on the 7th day of each month. I/We authorize Royal Bank to adjust this ted amount from time to time with either verbal or written instructions. Thus, agreeing to waive pre-notification.

etails of the account upon which Royal Bank is authorised to draw are indicated below, and a specimen cheque for this account arked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	Royal Bank Of Canada
Branch Address	
City, Province	
Transit Number of Financial Institution and Branch	003 07599
Account Number	1017102

he Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement elow and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter to this Agreement.

he Payor and Royal Bank agree that the authorisation provided by this Agreement will remain in full force and effect until the ayor delivers written notice of revocation to Royal Bank. Revocation of this authorization does not terminate any contract for oducts/services that exists between the Payor and Royal Bank. The Borrower's Pre-Authorized Debit Agreement applies only the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

oyal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the ayor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in ct, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to oyal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, nd will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by x shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, nd expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence ule.

CCEPTED BY: NAME OF PAYOR:

OYAL BANK OF CANADA

er:

NORTH PAW ENERGY SERVICES LTD.

Per:

Per:

Lessee No.	Lease No.	Rental Amount	Goods & Services Tax (if applicable)	PST/HST/QST (as applicable)	Total Charges (including taxes)	For Office Use Only
15079	27544	$2,242.75	$112.14	$0.00	$2,354.89	

oods & Services Tax No: 105 248 165

RBC000288

Leasing Schedule

(PPSA – S)
Lessee # 000015079 Lease # 27544

Royal Bank of Canada, as Lessor, hereby leases to North Paw Energy Services Ltd. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of May 7, 2007

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	1	Used 1999 Kenworth Truck with 1999 Palfinger 12 Ton Folding Crane	T800B PK32080	1XKDDB0X4XR956459 0512680
	1	Used 2005 Aspen Tridem Scissorneck Lowboy	HHT/RL	2A9LB50385N125027
	1	Used 1994 Komatsu Mini Excavator	PC03-2	15543

Including all attachments, additions, replacements, and substitutions.

2. Term	Term (in months)	36
	Commencement Date of Term	May 7, 2007
	Termination Date of Term	May 7, 2010
3. Rental	Rental Installment, payable Monthly, in Advance	$6,372.49
	Goods & Service Tax, if any	$382.35
	Harmonized Sales Tax, if any	$0.00
	Provincial Tax, if any	$0.00
	Total Monthly Rental Installment	$6,754.84
	Security Deposit	$0.00
	Other Charges	$500.00
4. Option to Purchase	Option to Purchase Date May 6, 2010	Purchase Price $1.00
5. Place of Use	Alberta	
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.	

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA	North Paw Energy Services Ltd.
per	per
	per
date May 10/07	date May 10/07

Rev 12/03

RBC000289

(PPSA)

Date: May 7, 2007

Royal Bank of Canada
320 Front Street West,
9th Floor
Toronto, Ontario
M5V 3B6

BILL OF SALE

In consideration of your payment to us of the sum of two hundred six thousand dollars ($206,000.00) plus GST of $12,360.00 receipt of which is hereby acknowledged, the undersigned hereby sells, assigns and transfers to you all of the right, title and interest of the undersigned in and to the equipment listed below ("Equipment"):

Supplier Name	Invoice No.	Invoice Date
Ritchie Bros. Auctioneers (Canada) Ltd	2007102	2007/04/18
Ritchie Bros. Auctioneers (Canada) Ltd	2007123	2007/03/28

The undersigned represents and warrants to you that the undersigned has the right to sell, assign and transfer the Equipment to you, and all other interests, claims, liens, charges, encumbrances and security interests of any kind created by the undersigned.

The undersigned makes no other representation or warranty as to the Equipment, which is sold, assigned and transferred to you on an as is, where is basis.

North Paw Energy Services Ltd.

GST#: 853662393 RT0001

Per:

Per:

RBC000290

Corporate Payments Service Agreement
(PPSA)

CUSTOMER NAME: North Paw Energy Services Ltd.
ADDRESS: PO Box 22007 RPO Med Hat Core
CITY: Medicine Hat PROVINCE: Alberta POSTAL CODE: T1A 8M5

RE: PAYMENT AUTHORIZATION PLAN AGREEMENT

This document will serve as an Agreement between North Paw Energy Services Ltd. ("Payor") and Royal Bank of Canada "Royal Bank". The purpose of the Agreement is to facilitate the transfer of funds from the Payor to Royal Bank as payee under the following terms and conditions.

The Payor hereby authorises Royal Bank to draw on the Payor's account for the purpose of making lease payments under Lease Number 15079-15364 between Payor and Royal Bank. Debits processed by Royal Bank of Canada in paper, electronic or other form, may vary in dollar amount up to a maximum of $105,997.88 , and be processed at any time and from time to time beginning March 4, 2009. Royal Bank will process the debit Irregular on the 4th day of each month. I/We authorize Royal Bank to adjust this fixed amount from time to time with either verbal or written instructions. Thus, agreeing to waive pre-notification.

Details of the account upon which Royal Bank is authorised to draw are indicated below, and a specimen cheque for this account marked "VOID" is attached to this Agreement:

Name of Payor's Financial Institution	RBC
Branch Address	______
City, Province	______
Transit Number of Financial Institution and Branch	07599 003
Account Number	~~1017615~~ 1017102

The Payor hereby warrants that all persons whose signatures are required to sign on this account have signed this Agreement below and that all persons executing this Agreement are duly authorized signing officers of the Payor and are empowered to enter into this Agreement.

The Payor and Royal Bank agree that the authorisation provided by this Agreement will remain in full force and effect until the Payor delivers written notice of revocation to Royal Bank. Revocation of this authorization does not terminate any contract for products/services that exists between the Payor and Royal Bank. The Borrower's Pre-Authorized Debit Agreement applies only to the method of payment and does not otherwise have any bearing on the contract for products/services exchanged.

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Payor or of a representative of the Payor as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Payor will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

ACCEPTED BY:

ROYAL BANK OF CANADA

Per: ______

NAME OF PAYOR:

North Paw Energy Services Ltd.

Per: ______

Per: ______

Lessee No.	Lease No.	Rental Amount	GST/HST (as applicable)	PST/QST (as applicable)	Total Charges (including taxes)	For Office Use Only
15079	15364	See attached Payment Schedule	See attached Payment Schedule	See attached Payment Schedule	See attached Payment Schedule	

Goods & Services Tax No: 105 248 165

RBC000291

Leasing Schedule

(PPSA – S)
Lessee # 15079 - Lease # 15364

Royal Bank of Canada, as Lessor, hereby leases to North Paw Energy Services Ltd. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of May 7, 2007

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
		All equipment, goods and services as further detailed on the Equipment Schedule attached hereto, including all attachments, additions, replacements, and substitutions.		

See attached Foreign Exchange Addendum for additional terms and provisions.

2. Term	Term (in months)	37
	Commencement Date of Term	March 4, 2009
	Termination Date of Term	April 4, 2012
3. Rental	Rental Installment, payable Irregular, in Advance	See attached Payment Schedule
	GST/HST, if any	See attached Payment Schedule
	PST/QST, if any	See attached Payment Schedule
	Total Irregular Rental Installment	See attached Payment Schedule
	Security Deposit	$0.00
	Other Charges	$750.00
4. Option to Purchase	Option to Purchase Date	Purchase Price
	March 3, 2012	$4,038.01
5. Place of Use	Alberta	
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.	

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA	North Paw Energy Services Ltd.
per ____________	per ____________
	per ____________
date ____________	date Mar 4/09

RBC000292

EQUIPMENT SCHEDULE

This is the Equipment Schedule attached to and forming part of Lease No. 15079-15364 (the "Lease") between North Paw Energy Services Ltd. as Lessee and Royal Bank of Canada as Lessor.

Vendor	Invoice #	Invoice Date	Equipment Cost
North Paw Energy Services Ltd.	Bill of Sale	March 4, 2009	$403,801.45

Initialed by
Royal Bank of Canada:

Initialed by
North Paw Energy Services Ltd.:

Payment Schedule

This is the Payment Schedule attached to and forming part of Lease No 15079-15364, (the "Lease") between North Paw Energy Services Ltd. as Lessee and Royal Bank of Canada as Lessor.

Number of Rentals	From (Inclusive)	To (Inclusive)	Amount of each Rental Payment	GST/HST	PST/QST	Total Rental Payment
1	03/04/2009	04/03/2009	$100,950.36	$5,047.52	$0.00	$105,997.88
36	04/04/2009	04/04/2012	$9,125.14	$456.26	$0.00	$9,581.40

Initialed by
Royal Bank of Canada:

Initialed by
North Paw Energy Services Ltd.

RBC000294

(PPSA)

Date: March 4, 2009

Royal Bank of Canada
320 Front Street West,
9th Floor
Toronto, Ontario
M5V 3B6

BILL OF SALE

In consideration of your payment to us of the sum of four hundred three thousand eight hundred one dollars and forty five cents ($403,801.45) plus GST of $20,190.07 receipt of which is hereby acknowledged, the undersigned hereby sells, assigns and transfers to you all of the right, title and interest of the undersigned in and to the equipment listed below ("Equipment"):

Supplier Name	Invoice No.	Invoice Date	Invoice Amount
Global Mining Solutions	98	12/8/2008	$344,000.00 USD

The undersigned represents and warrants to you that the undersigned has the right to sell, assign and transfer the Equipment to you, and all other interests, claims, liens, charges, encumbrances and security interests of any kind created by the undersigned.

The undersigned makes no other representation or warranty as to the Equipment, which is sold, assigned and transferred to you on an as is, where is basis.

North Paw Energy Services Ltd.

GST#: 853662393

Per: ____________

Per: ____________

RBC000295

Bankruptcy No. 115437

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY
OF
NORTH PAW ENERGY SERVICES LTD.

AFFIDAVIT OF TRUTH OF STATEMENTS IN APPLICATION

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 - 101 Street
Manulife Place
Edmonton, Alberta
T5J 3V5
Solicitor: Ray C. Rutman
Telephone: (403) 423-7246
File: 125665-8158/RCR

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