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FRASER MILNER CASGRAIN LLP

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February 9, 2010

RUSH DIRECT COURIER AND E-MAIL

Stillman LLP
Barristers and Solicitors
300, 10335 – 172 Street
Edmonton, Alberta T5S 1K9

Attention: Christopher G. Hoose and Gregory Bentz

Dear Sir:

Subject: Royal Bank of Canada - Advantage Oilfield Group Ltd. - North Paw Energy Services Ltd. – Ranco Holdings Ltd. - 12008362 Alberta Ltd. and Christopher Bruins
Our File: 125665-8158

Please find attached a copy of a Statement of Claim, Notice of Motion (with proposed form of Order) and Affidavit of David Johnson for the purpose of service upon each of the Defendants.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray C. Rutman

RCR:cd
Encl.
cc: Royal Bank of Canada, Attention: David Johnson (via LRM)

EDMDOCS|RRUTMAN|2593933-1

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

STATEMENT OF CLAIM

1. The Plaintiff, Royal Bank of Canada ("RBC"), is a bank chartered pursuant to the laws of Canada.

2. The Defendant Advantage Oilfield Group Ltd. ("Advantage") is a corporation incorporated pursuant to the laws of the Province of Alberta.

3. The Defendant North Paw Energy Services Ltd. ("North") is a corporation incorporated pursuant to the laws of the Province of Alberta.

4. The Defendant Ranco Holdings Ltd. ("Ranco") is a corporation incorporated pursuant to the laws of the Province of Alberta.

5. The Defendant 1208362 Alberta Ltd. ("1208362") is a corporation incorporated pursuant to the laws of the Province of Alberta.

6. The Defendant Christopher Bruins ("Christopher") resides in Alberta.

7. Advantage borrowed money from RBC which Advantage agreed to repay to RBC with interest. As a result of such borrowing, Advantage is directly indebted to RBC as follows:

(a) $2,508,585.79 plus interest from and after January 13, 2010 at the rate of $256.34 per day;

(b) $1,141,632.58 plus interest from and after January 13, 2010 at the rate of $117.45 per day;

(i) Visa (account 4641) - $20,438.71;

(ii) Visa (account 4708) - $10,163.41;

(iii) Visa (account 4856) - $9,459.59;

(iv) Visa (account 4971) - $10,182.70;

(v) Visa (account 5036) - $10,260.58;

(vi) Visa (account 5218) - $10,167.85;

(vii) Visa (account 3310) - $10,304.95;

(viii) Total Visa $80,977.79 plus interest thereon from and after January 13, 2010 upon such sum at the rate of 19.5per cent per annum;

(c) Overdraft - $172.43;

(d) Payroll advance - $12,411.61;

(e) Costs on a solicitor and his own client basis.

8. North borrowed money from RBC which North agreed to repay to RBC with interest. As a result of such borrowing, North is directly indebted to RBC as follows:

(a) Loan - $502,465.76 plus interest from and after January 13, 2010 at the rate of $51.37 per day;

(b) Lease #27544 - $9,419.92 plus interest thereon from and after February 6, 2010 at RBC's prime interest rate per annum in effect from time to time "Prime" plus 5.0 per cent;

(c) Lease #15364 - $253,375.26 plus interest thereon from and after February 4, 2010 at the rate of Prime plus 5.0 per cent;

(d) Lease #10585- $136,942.11 plus interest thereon from and after December 24, 2009 at the rate of Prime plus 5.0 per cent; and

(e) Overdraft - $334.13;

(f) Costs on a solicitor and his own client basis.

9. Ranco borrowed money from RBC which Ranco agreed to pay to RBC with interest. As a result of such borrowing, Ranco is directly indebted to RBC as follows:

(a) $906,350.73 plus interest thereon from and after January 13, 2010 at the rate of $79.96 per day; and

(b) Costs on a solicitor and his own client basis.

10. On or about August 26, 2008 Advantage granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of Ranco up to the sum of $1,000,000.00 plus interest thereon from demand at Prime plus 1.0 per cent plus costs on a solicitor and his own client basis.

11. On or about January 28, 2008 1208362 granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of Advantage (to RBC) for up to the sum of $2,750,00.00 with interest from demand at Prime plus 1.5 per cent plus costs on a solicitor and his own client basis.

12. On or about January 28, 2008 Christopher granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of Advantage (to RBC) for up to the sum of $2,750,00.00 with interest from demand at Prime plus 1.5 per cent plus costs on a solicitor and his own client basis.

13. On or about April 4, 2008 Christopher granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of North (to RBC) for up to the sum of $900,000 with interest from demand at Prime plus 3 per cent plus costs on a solicitor and his own client basis.

14. All of the above direct and guaranteed indebtedness is due and owing from the Defendants to RBC. RBC has demanded payment of the direct and guaranteed indebtedness of the Defendants to RBC effective December 1, 2010 (with respect to the indebtedness referenced in paragraphs 7-12 inclusive and effective February 8, 2010 with respect to the indebtedness referenced in paragraph 13) but the Defendants have failed or neglected and continue to fail or

neglect to pay any or all of such indebtedness to RBC. By this Statement of Claim, RBC does again demand payment of all of such indebtedness.

15. At all material times Ranco has been and remains the owner of the following lands:

(a) Plan 0512216
Block 1
Lot 10
Excepting thereout all mines and minerals
Area: 0.761 hectares (1.88 acres) more or less (the "Land")

16. By a mortgage (the "Mortgage") made under the *Land Titles Act* and registered in the Land Titles Office as instrument number 081329341, Ranco mortgaged to RBC the Land for securing payment of the sum of $1,500,000.00 plus interest at a rate equal to Prime plus 1.0 per cent plus costs on a solicitor and his own client basis.

17. There is due and owing to RBC pursuant to the Mortgage the sum of $906,315.73 plus interest thereon from and after January 13, 2010 at the rate of Prime plus 1.0 per cent plus costs on a solicitor and his own client basis.

18. The Mortgage is payable upon demand. RBC has demanded payment pursuant to the Mortgage but Ranco has failed or neglected and continues to fail or neglect to pay all or any of the indebtedness evidenced and secured by the Mortgage.

19. By the Mortgage, Ranco covenanted with RBC to:

(a) pay all liens, rates, charges or encumbrances on the Land which may fall due or be unpaid;

(b) insure buildings on the Land against damage by fire and other perils;

(c) keep the Land in good repair, maintain, restore and amend, keep, make good, finish, add to and put in order the Land; and

(d) in the event of any loss or damage or destruction of the Land, then, upon receipt of notice from RBC, to repair, rebuild or reinstate the Land.

20. In default of any or all of the above, RBC is entitled by the Mortgage to do the same and to add to the Mortgage all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize the monies secured by the Mortgage, including legal costs,

taxed as between solicitor and client and an allowance for the time, work and expenses of RBC, its servants or agents.

21. Each of Advantage, North and Ranco did grant to RBC a separate general security agreement securing all of their respective present and after acquired personal and other property in favour of RBC. Such security agreements secure all direct and guaranteed indebtedness of each of Advantage, North and Ranco in favour of RBC.

22. Default has been made in payment of the principal sums and interest secured pursuant to each of the general security agreements granted by each of Advantage, North and Ranco respectively in favour of RBC.

23. The Plaintiff proposes that the trial of this action be held at the Law Courts Building in the City of Edmonton, in the Province of Alberta.

24. The within action will not likely take more than twenty-five days to try.

WHEREFORE THE PLAINTIFF CLAIMS AGAINST THE DEFENDANTS JOINTLY AND SEVERALLY:

(a) a Declaration as to the amount owing under the Mortgage with interest according to the terms thereof and in default of payment, sale to the Plaintiff or otherwise, or foreclosure, and in either case, possession of the Land;

(b) a Declaration that there is due and owing from Advantage to RBC direct indebtedness of:

   (i) $2,508,585.79 plus interest from and after January 13, 2010 at the rate of $256.34 per day;

   (ii) $1,141,632.58 plus interest from and after January 13, 2010 at the rate of $117.45 per day;

   (iii) Visa - $80,977.79 plus interest thereon from and after January 13, 2010 at the rate of 19.5 per cent per annum;

   (iv) $172.43;

   (v) $12,411.61;

   (vi) Costs on a solicitor and his own client basis.

(c) a Declaration that there is due and owing from Advantage to RBC (pursuant to the guarantee of the indebtedness of Ranco granted to RBC by Advantage) the sum of $906,350.73 plus interest thereon from and after the January 13, 2010 at the rate of Prime plus 1.0 per cent plus costs on a solicitor and his own client basis;

(d) a Declaration that there is due and owing from North to RBC the sum of:

(i) Loan - $502,465.76 plus interest from and after January 13, 2010 at the rate of $51.37 per day;

(ii) Lease #27544 - $9,419.92 plus interest thereon from and after February 6, 2010 at RBC's prime interest rate per annum in effect from time to time "Prime" plus 5.0 per cent;

(iii) Lease #15364 - $253,375.26 plus interest thereon from and after February 4, 2010 at the rate of Prime plus 5.0 per cent;

(iv) Lease #10585- $136,942.11 plus interest thereon from and after December 24, 2009 at the rate of Prime plus 5.0 per cent; and

(v) Overdraft - $334.13;

(vi) Costs on a solicitor and his own client basis.

(e) a Declaration that there is due and owing from Ranco to RBC the sum of $906,350.73 plus interest thereon from and after January 13, 2010 at the rate of $79.96 per day plus costs on a solicitor and his own client basis.

(f) Judgment against each of Advantage, North and Ranco for all amounts declared to be due and owing by each of such corporations in favour of RBC;

(g) Judgment against 1208362 in the amount of $2,750,000.00 plus interest thereon from and after December 1, 2009 upon such sum at the rate of Prime plus 1.5 per cent plus costs on a solicitor and his own client basis;

(h) Judgment against Christopher in the amount of $2,750,000.00 plus interest thereon from and after December 1, 2009 upon such sum at the rate of Prime plus 1.5 per cent plus costs on a solicitor and his own client basis pursuant to his guarantee of the indebtedness of Advantage;

(i) Judgment against Christopher in the amount of $900,000 plus interest thereon from and after February 8, 2010 upon such sum at the rate of Prime plus 3.0 per cent plus costs on a solicitor and his own client basis pursuant to his guarantee of the indebtedness of North;

(j) an inquiry of what the property comprised and charged and secured by each of the general security agreements granted in favour of RBC by Advantage, North and Ranco respectively, the leases granted by North (and the Mortgage) consists of and in whom the same is vested and what other encumbrances or claims affect the property and an account of what is due to such other encumbrances or claimants;

(k) such further account and inquiries as may be necessary;

(l) the appointment of a Receiver or Receiver and Manager of the undertaking, property and assets of Advantage;

(m) the appointment of a Receiver or Receiver and Manager of the undertaking, property and assets of North;

(n) the appointment of a Receiver or Receiver and Manager of the undertaking, property and assets of Ranco;

(o) the appointment of an Interim Receiver of the undertaking, property and assets of Advantage;

(p) the appointment of an Interim Receiver of the undertaking, property and assets of North;

(q) the appointment of an Interim Receiver of the undertaking, property and assets of Ranco;

(r) in the alternative, such appointment or relief as may be necessary to ensure the preservation of the Land;

(s) a Declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and assets of Advantage;

(t) a Declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and assets of North;

(u) a Declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and assets of Ranco;

(v) an Order dispensing with any bond or other security that might otherwise be required to be posted by an Interim Receiver, Receiver, Receiver and Manager or person tasked with the preservation of the Land;

(w) an Order that no action at law or otherwise (other than this action) shall be taken or continued against the Interim Receiver, the Receiver or the Receiver and Manager or the property and assets of Advantage, North and Ranco without leave of this Honourable Court first having been obtained;

(x) costs on a solicitor and his own client basis as against each of the Defendants jointly and severally or costs on such further and other basis as this Honourable Court may direct;

(y) such further and other relief as the nature of the case may require and this Honourable Court may permit.

DATED at the City of Edmonton, in the Province of Alberta, this 9th day of February, 2010; AND DELIVERED BY Fraser Milner Casgrain LLP, Barristers and Solicitors, 2900 Manulife Place, 10180 - 101 Street, Edmonton, Alberta, T5J 3V5, Solicitors for the Plaintiff, whose addresses for service are in care of the said solicitors.

ISSUED out of the Office of the Clerk of the Court of Queen's Bench of Alberta, Judicial District of Edmonton, this 9th day of February, 2010.

SEAL

CLERK OF THE COURT OF QUEEN'S BENCH
OF ALBERTA

NOTICE

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

You have been sued. You are the Defendants. You have only 15 days to file and serve a Statement of Defence or Demand of Notice. You or your lawyer must file your Statement of Defence or Demand of Notice in the office of the Clerk of the Court of Queen's Bench in Edmonton, Alberta.

You or your lawyer must also leave a copy of your Statement of Defence or Demand of Notice at the address for service for the Plaintiff named in this Statement of Claim.

WARNING: If you do not do both things within 15 days, you may automatically lose the lawsuit. The Plaintiff may get a Court judgment against you if you do not file, or do not give a copy to the Plaintiff, or do either thing late.

This Statement of Claim is issued by FRASER MILNER CASGRAIN LLP, solicitors for the Plaintiff, and whose address for service is in care of said solicitors at:

c/o FRASER MILNER CASGRAIN LLP

2900, 10180 – 101 Street
Manulife Place
Edmonton, Alberta
T5J 3V5

The Lawyer to contact at FRASER MILNER CASGRAIN LLP is Ray C. Rutman, telephone (780) 423-7246

at which address service of subsequent proceedings in this action may be served as effectively as if served upon the Plaintiff personally.

EDMDOCS|RRUTMAN|2579839-4

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

STATEMENT OF CLAIM

This Statement of Claim is issued by FRASER MILNER CASGRAIN LLP, Solicitors for the Plaintiff who resides at:

Edmonton, Alberta

and whose address for service is in care of said solicitors at:

2900, 10180 – 101 Street
Manulife Place
Edmonton, Alberta
T5J 3V5

and is addressed to the Defendants whose residence as far as known to the Plaintiff is:

Edmonton, Alberta

Solicitor: Ray C. Rutman
Telephone: (780) 423-7246
Facsimile: (780) 423–7276
File: 125665-8158/RCR

JUDICIAL DISTRICT OF EDMONTON
FILED
FEB 09 2010
Clerk of the Court