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COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	ROYAL BANK OF CANADA
DEFENDANTS	ADVANTAGE OILFIELD GROUP LTD., NORTH PAW ENERGY SERVICES LTD., RANCO HOLDINGS LTD., 1208362 ALBERTA LTD., AND CHRISTOPHER BRUINS
DOCUMENT	**FOURTH REPORT OF ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF THE PROPERTY** **OCTOBER 14, 2011**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** ERNST & YOUNG ERNST & YOUNG INC. 1000, 440 – 2nd Avenue S.W. Calgary, AB T2P 5E9 Neil Narfason/Orest Konowalchuk Telephone: (403) 206-5067 / (403) 206-5698 Email: Neil.Narfason@ca.ey.com Orest.Konowalchuk@ca.ey.com **COUNSEL** BENNETT JONES LLP Barristers & Solicitors Ken T. Lenz / Kelsey Drozdowski 4500 Bankers Hall East, 855-2nd Street SW Calgary AB T2P 4K7 Phone: (403) 298-3100 / (403) 298-3323 Fax: 403-265-7219 Email: lenzk@bennettjones.com drozdowskik@bennettjones.com File: 57529-8

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INTRODUCTION

1. Ernst & Young Inc. (the "Receiver") was appointed Receiver over Advantage Oilfield Group Ltd. ("Advantage"), Ranco Holdings Ltd. ("Ranco"), and North Paw Energy Services Ltd. ("North Paw") (collectively, the "Corporate Companies") pursuant to an Order of this Honourable Court (the "Order") dated February 12, 2010.

2. The Order authorized the Receiver, among other things, to manage, operate and carry on the business of the Corporate Companies, to take possession and control of the property of the Corporate Companies (the "Property") and any and all proceeds, receipts and disbursements arising out of or from the Property, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.

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

    a) an update on the activities of the Receiver since the second report of the Receiver (the "Second Report) dated June 21, 2010;

    b) an update on the security dispute between the RBC, Silcan and MRN;

    c) the completion and closing requirements on the sale of the Ranco Land and Buildings;

    d) the Receiver's consolidated final statement of receipts and disbursements;

    e) the fees and disbursements of the Receiver and its counsel;

    f) a proposed final distribution of $202,456 (the "Proposed Final Distribution") to be paid to the Royal Bank of Canada ("RBC");

g) the discharge of Ernst & Young Inc. as Receiver Manager of the Property; and

h) the Receiver's recommendations.

4. Capitalized terms not defined in this Fourth Report are as defined in the Order, the first report of the Receiver (the "First Report"), the Second Report and the third report of the Receiver (the "Third Report").

5. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

6. Further background to the Corporate Companies are contained in the materials filed relating to the Receivership Order including the February 9, 2010 affidavit of Mr. David W. Johnson (the "February 9th Johnson Affidavit") and statement of claim filed on February 9, 2010. These documents, including the Receivership Order, have been posted by the Receiver on its website at: www.ey.com/ca/advantage .

TERMS OF REFERENCE

7. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, the books and records of the Property and discussions with management of the Property. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of such information contained in this Fourth Report.

ACTIVITIES OF THE RECEIVER

Account receivables update

8. Since the date of the Order, the Receiver has been reviewing the books and records of the Corporate Companies to determine whether there were any outstanding accounts receivables that can be collected.

9. During its review, the Receiver obtained an account receivables listing that was part of Advantage's monthly reporting package ("Margin Report") to RBC indicating that as at August 31, 2009, Advantage had approximately $3.8 million of collectible account receivables outstanding. The Margin Report was signed and submitted by the Corporate Companies' Chief Financial Officer ("CFO") to RBC.

10. The Receiver compared the account receivables listing provided to RBC to the accounts receivable listing obtained by the CFO per Advantage's books and records as at August 31, 2009 and noted a material difference, where the balance outstanding per Advantage's books and records totalled approximately $1.6 million compared to what Advantage reported to RBC as outstanding of approximately $3.8 million.

11. The Receiver further reviewed the account receivables listing from Advantage's books and records as at the date of the Order (February 12, 2010) and this report indicated that approximately $1.2 million remained collectible and outstanding. Ranco and North Paw outstanding account receivables listing per its books at records as at February 12, 2010 was immaterial.

12. The Receiver contacted each of the customers listed on Advantage's accounts receivable listing as at February 12, 2010 by way of letter and phone to determine the validity and collectability of each balance. In its analysis, the Receiver determined that books and records were almost entirely inaccurate, as only

approximately $170,000 of the $1.2 million had sufficient back-up to support the existence of the account receivables within Advantage.

13. The Receiver was only able to collect in accounts receivables of $169,533 within the Corporate Companies during the course of the Receivership.

14. The Receiver discussed its findings and concerns with the CFO regarding the inaccuracy of the ending accounts receivables balances as at February 12, 2010 and the material reporting differences in what was reported to RBC as at August 31, 2009. Based on these discussions, the CFO indicated that management often "accrued" its accounts receivables, in that, the Advantage CFO would record accounts receivables (or a sale) in anticipation of a bid or request for proposal ("RFP") materializing. If the RFP did not materialize, management stated that it would reverse the entry off its books and records, though that did not occur with respect to the accounts under analysis.

15. Therefore, the majority of the $3.8 million balance that was reported to RBC as at August 31, 2009, along with $1.2 million accounts receivable balance recorded on Advantage's February 12, 2010 books and records did not exist. In response to these inconsistencies, the Receiver engaged the services of Ernst & Young LLP Fraud Investigation & Dispute Services ("FIDS") to review certain transactions that took place within Advantage, as discussed further below.

FIDS undertaking

16. As previously reported in the First Report, the Receiver identified certain transactions and accounting practices of the Corporate Companies that caused the Receiver some concern as to the existence and completeness of various accounts receivables and fixed assets (the "Transactions").

17. On or about May 12, 2010, the Receiver, with the assistance of FIDS, initiated a forensic undertaking to provide the Receiver with additional insight as to:

a) the existence and validity of certain account receivables in the Corporate Companies;

b) the whereabouts of any potential fixed asset that may exist within the Corporate Companies that could be realized upon for the general benefit of all creditors and stakeholders;

c) where certain proceeds from the sale of various Advantage assets went to in 2009 that could be recoverable; and

d) whether any other asset(s) exists that could be located and realized upon for the general benefit of all creditors;

18. The forensic undertaking focused on applying certain forensic procedures that would have the best chance at identifying:

a) the existence and/or sale of certain significant fixed assets within the Corporate Companies prior to the date of the Order in 2009;

b) the existence and validity of certain large accounts receivables of Advantage and its collectibility;

c) evidence of instruction to misstate financial records of the company;

d) review of books and records and adjusting journal entries of Advantage, to the extent inappropriate sales were booked, assets written off or sold, or operating expenses capitalized;

e) review of banking of information of Advantage to identify another transfer or corporate funds to relates parties that could be called into question;

f) review of various emails using "key word" searches completed by the IT Consultant, as defined and discussed in the First Report.

19. Based upon this undertaking, the Receiver, with the assistance of FIDS, identified the following significant findings:

Fixed assets

a) The Receiver understands that on six separate occasions throughout 2009, Advantage was reducing its inter-company balance owed to 1208362 Alberta Ltd. ("120"), a company wholly-owned by Advantage's president, and decreasing its fixed asset accounts by liquidating its assets by way of auctions, with no evidence showing permission was received from RBC to do so. The accounting entries to account for these transactions in Advantage's books and records were not recorded until December 2009, well after the various auction dates;

b) Despite having been sold months earlier by auction, certain vehicles and equipment were included in the fixed asset balances on Advantage's financial statements prepared for RBC as at August 2009 as part of its financial reporting packages ("Margin Reports");

c) In the weeks prior to the auction date, bill of sale documents indicated that certain vehicles and equipment were sold from Advantage to related companies owned by Bruins. No journal entries were identified that supported the inter-company sale or transfer of these assets by Advantage;

d) Of the six auctions that took place in 2009 without RBC knowledge, approximately $972,017.84 in sale proceeds were received from January to October 2009 and not reflected in Advantage's books until December 2009. There were few transactions recorded to the Advantage fixed asset accounts in the 2009 Advantage books and records until December 2009, based on the amounts and descriptions listed in the entries prior to December 2009. No entries were recorded prior to December 2009 that reflected the auction transactions. The Receiver understands that this was in violation of certain covenant requirements of Advantage security agreement with RBC;

Email review

e) The Receiver, with the assistance of FIDS, were unable to identify and review any significant emails from 2009, as in its review of emails using certain "key words", the Receiver only discovered four emails that existed in all of 2009 from Bruins and the CFO's computer;

Account receivables

f) The significant differences in reported account receivables balance per Advantages' books and records as compared to the numbers communicated to the bank were unexplained (as discussed above); and

Other

g) Certain information was identified by the Receiver that related to a gold mine presumably owned by Bruins under one of his companies in Liberia, Africa;

20. Based on the above initial findings of the Receiver and lack of electronic email support in 2009, the Receiver believes that a further extensive investigation may likely not provide any additional information that could increase additional recoveries from the Corporate Companies to its creditors and stakeholders when compared to the costs of completing the extensive investigation.

21. The Receiver believes that the actions taken by Advantage, as identified through the above forensic undertaking above, has aided to the lack of recovery on Advantage's assets available to its creditors and stakeholders.

Trustee

22. Ernst & Young Inc. was appointed trustee in bankruptcy (the "Trustee") over the estate of North Paw and Advantage through a bankruptcy order, dated October 14, 2010. The FIDS information has been reviewed and further investigation has been completed by the Trustee, including the examination of two of the principals of North Paw and Advantage.

Regulatory filing requirements

23. As discussed in the First Report, the Receiver contacted the Canada Revenue Agency ("CRA") to determine if there are any outstanding amounts owed to CRA by the Corporate Companies. Based on its discussion, the Receiver has confirmed the following:

a) Deemed trusts.

i. GST. All GST forms have been filed for Advantage and Ranco up to February 12, 2010 (North Paw had never set up a GST or payroll account and was not considered an "active company" per CRA) and Advantage has credit refund owing to it by CRA in the amount of $2,696.47 and Ranco has a $NIL owing to CRA. The $2,696.47 credit will not be paid by CRA until all other forms and returns (i.e. corporate income tax as discussed below) have been completed and submitted by the Receiver for the periods leading up to February 12, 2010.

During the receivership, the Receiver has submitted all required GST forms for Advantage and Ranco and currently has a cumulative credit refund owing to the Receiver from CRA of approximately $12,000 that will not be released by CRA until all prior corporate income tax returns (as discussed above) have been completed and submitted to the CRA. The Receiver anticipates completing these outstanding tax returns of Ranco and Advantage as part of its post-discharge administrative duties, as discussed further below;

ii. Payroll account. A payroll audit was conducted by CRA on February 11, 2010 for the 2009 calendar year. Based on the results of this audit and various adjustments, the Receiver understands that Advantage owed CRA approximately $983 relating to unremitted sourced deductions (interest and penalties) prior to the date of the Order. This amount was paid in full by the Receiver during the receivership and it is reflected in the final statement of receipts and disbursements below. The Receiver is not aware of any requests or requirement for CRA to complete a payroll audit for 2010 (January 1 to February 12, 2010). Ranco and North Paw owe $NIL outstanding to CRA; and

b) Corporate income taxes.

i. As at February 12, 2010, Ranco owed approximately $20,344 and $10,842 in corporate income taxes to CRA and Government of Alberta, respectively, which relate to the fiscal year ending December 31, 2008.

ii. In addition, the Receiver understands that there is $NIL owed by Advantage to CRA and the Government of Alberta with respect to last filed corporate income tax return for the tax year ending December 31, 2007; and

iii. The amounts owed to CRA and the Government of Alberta by Ranco is considered an unsecured claim.

24. The Receiver has requested from CRA a clearance certificate for the Corporate Companies' to ensure that all statutory amounts (deemed trust amount) outstanding have been addressed and paid in full; however, nothing has been received back from CRA to date.

Wage Earner Protection Program ("WEPP") payments

25. As discussed in the First Report, the Receiver received and evaluated five employees claims under WEPP and submitted the claims to Service Canada for employees who had an eligible claim for wages, vacation, termination and or severance pay under the Alberta Employment Standards Code.

26. Since the First Report, the Receiver came across new information that two of these employee claims did not qualify for WEPP entitlement. As a result, the Receiver was required to amend the WEPP claim forms to reflect the proper information. The Receiver obtained notice from Service Canada that it had paid out $7,771.37 with respect to these employee WEPP claims, which resulted in the Receiver having to pay back Service Canada $3,004 during the receivership, as this amount is considered a "super-secured" claim against Advantage. A remaining balance owed to Service Canada of $4,767.37 is considered an unsecured claim and there will not be any distributions made to unsecured creditors, as discussed further below.

27. The Receiver will complete and submit the remaining required forms to Service Canada indicating that there will not be any further distributions made on Service Canada's unsecured claim of $4,767.37.

SECURITY DISPUTE

28. As previously discussed in the First Report, the Receiver held certain funds in trust from the sale of the Ranco Land and Buildings (defined below), as a result of two security dispute between RBC, MRN and Silcan. The funds held in trust by the Receiver totalled $224,450 that was a result of the following:

    a) RBC and MRN security dispute of $24,450; and

    b) RBC and Silcan security dispute of $200,000.

29. On May 16, 2011, this Honourable Court granted an order (the "MRN Priority Order") giving priority to RBC security over MRN with respect to all proceeds of personal property sold by the Receiver pursuant to an Order Confirming Sale and Vesting Order (the "Vesting Order") granted by this Honourable Court in these proceedings on July 2, 2010. The Receiver recommends that this Honourable Court approves for the distribution of the $24,450 funds held in trust by the Receiver to be distributed to RBC as part of the Proposed Final Distribution.

30. On June 30, 2011, this Honourable Court granted an order (the "Silcan Priority Order") giving priority to RBC's security over Silcan with respect to all proceeds of personal property sold by the Receiver pursuant to the Vesting Order. The Silcan Priority Order instructed the Receiver to pay $200,000 directly to RBC and on September 22, 2011, the Receiver made such payment.

SALES PROCESS UPDATE

Ranco Land and Buildings

31. As discussed in the First Report, the Receiver accepted an offer from 1148750 Alberta Ltd. ("114") (the "Purchase Contract") to purchase the Ranco land and buildings (the "Ranco Land and Buildings) that was signed and executed on June 3, 2010, subject to approval from this Honourable Court.

32. On July 2, 2010, the Vesting Order was executed by this Honourable Court to allow the sale of the Ranco Land and Buildings to proceed as indicated in the Purchase Contract.

33. The total net proceeds received by the Receiver from this sale were $857,493.25 and is broken down as follows:

Purchase Price	$ 1,150,000.00
Less:	
- Commissions and selling costs	(60,375.00)
- Property tax levy adjustment	(4,937.21)
Add:	
- Cypress tax credit	578.39
Net proceeds on sale	$ 1,085,266.18

34. The closing date of the Ranco Land and Buildings was July 15, 2010 and all closing documents were signed and transferred at that time the proceeds of this sale were deposited by the Receiver in its bank account.

35. The Receiver made payment to RBC of $600,000 from the net proceeds of the sale of the Ranco Land and Buildings, as directed in the Vesting Order that relates to the valid and enforceable security RBC holds against Ranco.

CONSOLIDATED FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

36. The consolidated final statement of receipts and disbursements for the Corporate Companies from February 12, 2010 to October 12, 2011 (the "Reporting Period"), including accruals to the anticipated date of the Receiver's discharge and/or duties in finalizing the administration of the receivership (as discussed below) is attached as Appendix "A" to this report.

37. The Corporate Companies' receipts for the Reporting Period totalled $1,439,404, which included the following:

a) Opening available cash as at February 12, 2010 of $NIL;

b) Sale of assets of approximately $1.26 million, which includes the sale of the Ranco Building and Corporate Companies Assets;

c) Collection of accounts receivables of $169,533; and

d) Interest and other receipts of $5,835;

38. The Corporate Companies disbursements for the Reporting Period totalled $1,225,948, which included the following:

a) Professional fees paid during the Reporting Period totalling $244,076 relating to Receiver fees and costs of $229,119 and its legal counsel fees and costs of $14,957, as discussed below;

b) Distributions previously authorized by this Honourable Court to RBC of $945,377;

c) Consulting fees of $8,754;

d) Appraisals and valuation expenses of $9,135;

e) Corporate and property insurance of $6,810;

f) WEPP payment of $3,004;

g) CRA source deductions of $985;

h) Utilities, security system and locksmith fees of $6,892; and

i) Other miscellaneous costs of $915.

39. The Receiver recommends that a holdback of $11,000 (the "Holdback") should remain in its trust account to cover estimated future professional fees, both legal and Receiver's fees, to complete its obligations after being discharged as Receiver, namely:

a) collection of the clearance certificates from CRA;

b) completion of remaining Corporate Companies corporate income tax returns to collect upon approximately $14,000 in GST income tax credits ("ITCs"); and

c) arranging for storage of all documents and records of the Corporate Companies that are statutorily required to be held by the Receiver.

40. The total receipts collected and disbursements incurred during the Reporting Period, of $1,439,404 and $1,225,948, respectively, along with the Holdback of approximately $11,000 results in a Proposed Final Distribution of $202,456. As discussed in the First Report, the Receiver obtained an independent legal opinion on RBC's security over Advantage, Ranco and North Paw that total approximately $5.5 million and determined that RBC's security is valid and enforceable as against the Corporate Companies. Further, this Honourable Court granted (as discussed above) two separate orders that give priority to RBC's security over MRN and Silcan.

41. The Receiver respectfully requests that this Honourable Court approve the Proposed Final Distribution to RBC of $201,736 and that a Holdback of $11,000 be held in the Receiver's trust account to deal with certain duties of the Receiver after the Receiver's discharge, as discussed above. The Receiver also requests that any amounts remaining in the Receiver's trust accounts after fulfilling the Receiver's post-discharge discussed above, subject to approval of this Court, be distributed to RBC without further order from this Court.

42. The Receiver advises that there will not be any distributions made to the unsecured creditors of the Corporate Companies due to the deficiency claim in RBC's security over the Corporate Companies.

APPROVAL OF THE FEES AND EXPENDITURES OF THE RECEIVER AND ITS COUNSEL

33. The following table shows the calculation of the fees of the Receiver and its counsel incurred and paid to October 7, 2011 and the estimated fees that are forecasted to be incurred by the Receiver and its counsel, with respect to completing the proceedings:

	Total fees incurred during the Reporting Period (includes GST)	Estimated Fees to complete the proceedings	Total actual and estimated fees incurred (includes GST)
Receiver fees	229,119	5,000	234,119
Receiver counsel fees	14,957	6,000	20,957

34. The Receiver and its counsel anticipate incurring professional fees in relation to the filing of this Fourth Report and other operational issues from October 8, 2011 to on or about November 15, 2011 of approximately $5,000 and $6,000, respectively.

35. Copies of the invoices will be available to the Court at the hearing, if required.

RECEIVER'S DISCHARGE

43. The Receiver's administration of the estates is essentially complete. The Property of the Corporate Companies' have been sold and previously been reported to this Honourable Court.

44. The Receiver will have certain minor administrative duties to complete.

RECOMMENDATIONS

47. The Receiver recommends this Honourable Court:

a) approve the Proposed Final Distribution;

b) approve the Holdback;

c) approve the accounts of the fees and disbursements of the Receiver and the Receiver's counsel; and

d) discharge Ernst & Young Inc., as Receiver of Advantage, Ranco and North Paw.

All of which is respectfully submitted this 14th day of October, 2011.

ERNST & YOUNG INC.,
in its capacity as Receiver of
Advantage Oilfield Group, Ranco Holdings Ltd.,
and North Paw Energy Services Ltd.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Orest Konowalchuk, CA•CIRP
Senior Manager

APPENDIX A

Ernst & Young Inc., Receiver of Advantage Oilfield Group Ltd, Ranco Holdings Ltd., and North Paw Energy Services Ltd.

Consolidated Final Statement of Receipts and Disbursements

February 12, 2010 to October 12, 2011

Receipts	
Opening cash	$ -
Sale of Assets	1,264,036
Collection of receivables	169,533
Interest	5,835
Total receipts	$ 1,439,404
Disbursements	
Receiver's fees and costs	$ 229,119
Legal fees and costs	14,957
Miscellaneous costs	633
Bank fees	72
Receivership filing fees	210
Property insurance	6,810
Appraisals and valuation costs	9,135
Consultant fees	8,754
Utilities	5,281
Source deductions (pre-receivership)	985
Distribution to secured creditor	945,377
WEPP payment	3,004
Locksmith	819
Security system fees	792
Total disbursements	$ 1,225,948
Net change in cash flow	$ 213,456
Less:	
Holdback	$ 11,000
Proposed Final Distribution to RBC	202,456
	$ 213,456
Total Available Funds Remaining	$ 0