Form 49
[Rule 13.19]

COURT FILE NUMBER	1001-18206	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT
JUDICIAL CENTRE	Calgary	JUN 10 2011
PLAINTIFF(S)	HSBC BANK CANADA	CALGARY, ALBERTA
DEFENDANT(S)	KINETEX MULTI-COMPONENT SERVICES INC. and KINETEX RESOURCES CORPORATION	
DOCUMENT	**AFFIDAVIT**	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Scott Venturo LLP
Attn: Colin D. McKinnon
203, 200 Barclay Parade SW
Calgary, AB T2P 4R5
Phone: (403) 261-9043
Fax: (403) 265-4632

AFFIDAVIT OF LEONARD VAN BETUW

Sworn on June 10, 2010

I, LEONARD VAN BETUW, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the past-President and a Director of the Defendant Kinetex Multi-Component Services Inc. ("Kinetex"). I have personal knowledge of the matters hereinafter deposed to by me except where stated to be based upon information and belief, in which case I verily believe the same to be true.

2. Once it was confirmed that Kinetex had been petitioned into bankruptcy proceedings, I intended to purchase the assets of the company. I subsequently learned that the receiver appointed by the Court, being Ernst & Young Inc., was requesting submissions for an *en bloc* purchase of the North American property of Kinetex. I also learned that the deadline for these letter of intent was March 31, 2011.

3. I delivered a letter of intent dated March 31, 2011 to Ernst & Young Inc. to the attention of Peter Chisholm, who is the contact for the receiver for Kinetex. Attached hereto and marked as Exhibit "A" to this my Affidavit is my letter of intent to Mr. Chisholm dated March 31, 2011. The purchase price was offered at $2,385,000.00 for all assets of Kinetex, and all transportation costs related to the assets would be borne by me. I had no other conditions on this offer other than the assets be clear of all liens and encumbrances and that each party bear their own associated legal and administrative costs.

4. On or about April 12, 2011, I wrote to Mr. Chisholm in an effort to ascertain the validity of my letter of intent. Mr. Chisholm responded on or about April 12, 2011 and replied that "unfortunately your offers were not successful in acquiring the assets of Kinetex Multi-Component Services Inc.". Nothing further was related by Mr. Chisholm regarding my letter of intent. Attached hereto and marked as Exhibit "B" to this my Affidavit is the e-mail exchange between Leonard Van Betuw and Peter Chisholm, both dated April 12, 2011.

5. Upon receipt of Mr. Chisholm's e-mail correspondence of April 12, 2011, I wrote once again to Mr. Chisholm and requested further information, such as the value of the offer or the timing of closure. Attached hereto and marked as Exhibit "B" is the e-mail from Leonard Van Betuw to Peter Chisholm dated April 12, 2011. I

received no response to this e-mail, but I did speak with Mr. Chisholm shortly thereafter. He communicated to me that there were six independent offers that in total comprised a greater value than my own.

6. Believing that my offer was too low, I no longer pursued the purchase of the Kinetex assets. However, on or about June 3, 2011, I received the Second Report of Ernst & Young Inc. filed with the Court on that same date in my capacity as an officer of Kinetex. It was at this time that I learned that the accepted offer for the Kinetex assets was over $400,000.00 less than my offer with significant additional assets remaining with the receiver to realize over $300,000.00 at auction, for a total of $700,000.00 not to be realized by the receiver. Attached hereto and marked as Exhibit "C" to this my Affidavit is the Second Report of Ernst & Young Inc. in its capacity as Court-appointed receiver and manager of Kinetex Multi-Component Services Inc. and Kinetex Resources Corporation dated June 3, 2011.

7. On or about June 6, 2011, I spoke with Mr. Chisholm in an effort to determine why my offer that exceeded the accepted offer in the aforementioned second report was not accepted, but I did not receive what I believed was a satisfactory explanation.

8. I make this Affidavit in opposition of the aforementioned Second Report of Ernst & Young Inc. dated June 3, 2011 and for no other or improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at the City of Calgary, in the Province of Alberta, this 10th day of June, 2011.	)	
(Commissioner for Oaths in and for the Province of Alberta)	)	(Signature)
PRINT NAME AND EXPIRY/LAWYER /STUDENT-AT-LAW	)	Leonard Van Betuw

Sara Pearl Oslie
A Commissioner for Oaths
In and for the Province of Alberta
My Commission Expires February 25, 2012

8.30.

Cacique
Petroleum

LETTER OF INTENT

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Leonard Van Betuw
Sworn before me this 10
day of June, 2011
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
Sara Pearl Oslie
A Commissioner for Oaths
In and for the Province of Alberta
My Commission Expires February 25, 2012

March 31st, 2011

Ernst & Young Inc. – Receiver of Kinetex
1000, 440 2nd Avenue S.W.
Calgary, Alberta
T2P 5E9

Attention: Peter Chisholm, CA
Manager

RE: Proposed Purchase of Assets as per Appendix "A" attached

Dear Sir:

Please accept our letter of intent to purchase certain of Kinetex Multi-Component Services Inc. (KMCS) assets as listed in Appendix A.

The company makes this offer based on the understanding that Ernst and Young's in its capacity as receiver of KMCS and KRC will be delivering of all named assets to the purchaser free and clear of all liens and encumbrances. It is the understanding of the purchaser that if Ernst and Young in their capacity are not capable of providing this assurance to the satisfaction of the purchaser, all funds advanced or held in trust in support of the purchase shall be returned without cost to the purchaser.

It is the intention of Cacique Petroleum Ltd. upon the successful acceptance of this Letter of Intent by Ernst and Young to make itself available to diligently draft a definitive purchase and sales agreement to the satisfaction of both parties, conditional only on the final approval of the necessary courts of law.

Upon the notification and receipt of the necessary court approvals Cacique Petroleum Ltd., subsequently is prepared to agree to a mutually agreeable time period to identify the existence of the assets that are to be delivered as part of the definitive purchase and sales agreement. At this time within 5 business days the company will make full payment for the purchase as agreed in the approved purchase and sales agreement.

Generally speaking it is the understanding of the purchaser that the timing of this sale is targeted for completion on or about May 31st, 2011.

… continued on page 2

email: expl.lvb@gmail.com

400 - 1111 11 Ave S.W. Calgary, Alberta T2R 0G8

Cacique
Petroleum

LETTER OF INTENT

Cacique Petroleum Ltd. hereby offers to purchase the assets as listed in Appendix A, attached, subject to the terms and timing as proposed in this Letter of Intent.

Purchase Price .... $ 2,385,000.00

The assets clear of all liens and encumbrances will be considered delivered upon the transfer of title on a; "As where is basis", with any transportation as deemed necessary by the purchaser to be at the cost of the purchaser.

The purchase price includes all G.S.T. and applicable taxes. Each party shall be responsible for their associated legal and administrative costs related to the sales process.

Sincerely,

Leonard Van Betuw
Manager Business Development

Accepted;

Ernst and Young as Receiver of Kinetex
Subject to Court Approval

Attachments

Appendix "A", ...pages 3 and 4

email: expl.lvb@gmail.com

400 - 1111 11 Ave S.W. Calgary, Alberta T2R 0G8

Appendix A - KMCS Asset Sale

Fleet Equipment

UNIT #	MAKE	MODEL	YEAR	VIN/S/N No.	Quanity
116	GMC	Topkick	1991	1GDL7H1P6MJ518662	1
139	International	4700	1997	1HTSCABM1VH492748	1
140	International	4900	1999	1HTSDAAN5XH684510	1
143	Volvo	Wia 64 TES	1997	4VGWDBRH8VN740013	1
152	Dodge	Ram 3500 Crew Cab 4X4	2002	3B7MF33W32M258644	1
153	Ford	E350 Passenger Van	200	1FBSS31S7YHA48293	1
157	Kenworth	T800 Winch Truck	1995	2NKDL60X7SM937862	1
160	Chevrolet	Suburban	2002	3GNGK26G42G166732	1
170	Dodge	Ram 3500 Regular Cab 4X4	2007	3D6WH46A97G789985	1
173	Dodge	Ram 3500 Quad Cab 4X4	2007	3D6WH48AX7G717903	1

** Including all attached equipment, radios and modifications as noted.

Off Road Equipment

UNIT #	MAKE	MODEL	YEAR	VIN/S/N No.	Quanity
Arctic	Scandic	Skidoo	2000	1237-00528	1
Arctic	Scandic	Skidoo	2000	1237-00588	1
Arctic	Yamaha	Bravo Long Track	2000	8BD-019156	1
Arctic	Yamaha	Bravo Long Track	2000	8BD-023337	1
Arctic	Yamaha	Bravo Long Track	2000	8BD-020358	1
314	Artic Cat	TRV 500	2006	4UF06ATV26T221501	1
326	Honda	Foreman 500	2006	1HFTE31264100324	1
327	Honda	Foreman 500	2006	1HFTE312X64101649	1
335	Honda	500 Foreman	2006	1HFTE310264116208	1
336	Kawasaki	Teryx	2008	JKARFDD118500727	1
337	Honda	TRX 350	2006	1HFTE252364500942	1
338	Honda	TRX 420 FMC	2007	1HFTE352774001441	1
339	Honda	TRX 420 FMC	2007	1HFTE352X74001949	1
340	Honda	TRX 420 FMC	2007	1HFTE35974000253	1
341	Honda	TRX 420 FMC	2007	1HFTE35E874000003	1
342	Honda	TRX 350	2006	1HFTE252364500962	1
343	Honda	TRX 350	2006	1HFTE252264502083	1
344	Honda	TRX 350	2006	1HFTE252964500346	1
346	Honda	TRX 420 FMC	2007	1HFTE352974001716	1

** Including all attached equipment, radios and modifications as noted.

Vibroseis Equipment

UNIT #	MAKE	MODEL	YEAR	VIN/S/N No.	Quanity
901	IVI	Buggy Y2400 Failings	1994	467	1
902	IVI	Buggy Y2400 Failings	1995	485	1
903	IVI	Buggy Y2400 Failings	1995	486	1
904	IVI	Buggy Y2400 Failings	1995	487	1
905	IVI	Buggy Y2400 Failings	1995	488	1
909	Morooka/ I.V.I	Track I.V.I Dual Array	unknown		1
n/a	Pelton	Vibrator Electronics Ver 6C	unknown		6
n/a	Pelton	Vibrator Electronics Ver 5D	unknown		5
n/a	Pelton	Firing Systems Boom Box	unknown		5
n/a	Pelton	Firing Systems Shot Pro II	unknown		3

** Including all attached equipment, radios and modifications as noted.

Appendix A - KMCS Asset Sale

Support Equipment and Logistics

201	Deutz	60KVW	F6L912		1
801	Goertzen	Fifth Wheel		1997	1
809	Tarnel USA	Goosneck Trail		2006	1
819	Trail Blazer	Cargo Trailer		2006	1
820	48' Van Trailer	Battery/Coordinator Unit		unknown	1
821	Fruehauf	48Ft Trailer		unknown	1
830	Home Made	Utility Trailer		2009	1

** Including all attached equipment, radios and modifications as noted.

Recording Instrumentaion

n/a	I/O	I/O System II - Recording Instruments & Assoc. Equipment	1
n/a	I/O	MRX Recording Boxes	50
n/a	I/O	MRX Line Cables	160
n/a	I/O	MRX Line Cables	100
n/a	I/O	Solar Battery Packs System II	90
n/a	ION	Vectorseis Recording Instrments & Assoc. Equiment	3
n/a	I/O	VRSR Recording Boxes	744
n/a	I/O	VRSR Line Cables	562
n/a	I/O	VRSR Line Cables	198
n/a	I/O	VRSR Line Cables	210
n/a	I/O	75AH Batteries	567
n/a	I/O	3C Digital Sensors (VSMs)	2640
n/a	I/O	Data Collector Units (DCU's)	8
n/a	I/O	Remote Deployment Units (RDT's)	9

Office Equipment Fixtures and Inventory

125 61 Ave -Calgary	All Desks, Filing Cabinets and Storage Racks	1
125 61 Ave -Calgary	Computers, Server and Associated Office Equipment	1
125 61 Ave -Calgary	Parts, Repair Stations and Spares Inventory at 125 61 Avenue SE - Calgı	1
125 61 Ave -Calgary	Shop Supplies, Tools, Lifts and Compressors	1

SRD & LSN Investments, Goodwill, Client Lists and Documentation

Gmail by Google

Leonard Van Betuw <expl.lvb@gmail.com>

Fwd: Proposal Inquiry ?

Leonard Van Betuw <expl.lvb@gmail.com> **Thu, Apr 14, 2011 at 9:40 AM**
To: Brent Buhler <brent@cambiocapital.com>

FYI

Earlier request Cc'd to you.

Regards,

Leonard

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Leonard Van Betuw
Sworn before me this 10th
day of June, 2011
[signature]
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Sara Pearl Oslie
A Commissioner for Oaths
In and for the Province of Alberta
My Commission Expires February 25, 2012

---------- Forwarded message ----------
From: **Leonard Van Betuw** <expl.lvb@gmail.com>
Date: Tue, Apr 12, 2011 at 5:48 PM
Subject: Re: Proposal Inquiry ?
To: Peter.Chisholm@ca.ey.com
Cc: Brent Buhler <brent@cambiocapital.com>

Peter,

As proposed in the requested Letters of Intent it is our intention to provide a comprehensive proposal that would provide good value
with a expedited and economically focused time frame.

Could you please provide some guidance on the reason for not considering our proposal.

Was the offer to low?

Was the timeline to long?

Is the scope of the proposed purchases to broad?

Sincerely,

Leonard

On Tue, Apr 12, 2011 at 3:02 PM, <Peter.Chisholm@ca.ey.com> wrote:

Leonard,

Unfortunately your offers were not successful in acquiring the assets of Kinetex Multi-Component Services Inc.

Regards,

Peter Chisholm, CA | Transaction Advisory Services

Ernst & Young Inc.
1000, 440 2nd Avenue S.W., Calgary, Alberta T2P 5E9, Canada
Office: (403) 206-5061 | Fax: (403) 206-5075 | peter.chisholm@ca.ey.com
Cell: (403) 819-6397
Website: www.ey.com/ca

From:	Leonard Van Betuw <expl.lvb@gmail.com>
To:	Peter.Chisholm@ca.ey.com
Date:	12/04/2011 02:42 PM
Subject:	Proposal Inquiry ?

Peter

Please provide update at your earliest convenience

LVB
Sent from my iPhone
587 228 7070

COURT FILE NUMBER	1001-18206
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	HSBC BANK CANADA
DEFENDANTS	KINETEX MULTI-COMPONENT SERVICES INC. AND KINETEX RESOURCES CORPORATION

Clerk's Stamp

DOCUMENT	**SECOND REPORT OF ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF KINETEX MULTI-COMPONENT SERVICES INC. AND KINETEX RESOURCES CORPORATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER
Ernst & Young Inc.
1000, 440 – 2nd Avenue S.W.
Calgary, AB T2P 5E9
Neil Narfason/Peter Chisholm
Telephone: (403) 206-5067/(403) 206-5061
Fax: (403) 206-5075
Email: neil.narfason@ca.ey.com
peter.chisholm@ca.ey.com

COUNSEL
Macleod Dixon LLP
Barristers & Solicitors
Howard A. Gorman / Kyle D. Kashuba
3700, 400 – 3rd Avenue S.W.
Calgary AB T2P 4H2
Phone: (403) 267-8144 / (403) 267-8399
Fax: (403) 264-5973
Email: howard.gorman@macleoddixon.com
kyle.kashuba@macleoddixon.com

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Leonard Van Betow
Sworn before me this 10
day of June, 2011
Sara Oslie
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Sara Pearl Oslie
A Commissioner for Oaths
In and for the Province of Alberta
My Commission Expires February 25, 2017

ERNST & YOUNG

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APPENDIX "D"	Ritchie Bros. Purchase Agreement
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INTRODUCTION

1. Ernst & Young Inc. was appointed receiver and manager (the "Receiver") of the property, assets and undertakings (the "Property") of Kinetex Multi-Component Services Inc. ("Kinetex Services") and Kinetex Resources Corporation ("Kinetex Resources") (together, "Kinetex") pursuant to an Order (the "Appointment Order") of the Alberta Court of Queen's Bench (the "Court") dated December 20, 2010 ("Appointment Date").

2. The Appointment Order authorized the Receiver, amongst other things, to carry on the business of Kinetex, to sell, convey, transfer, lease or assign the Property out of the normal course of business without first obtaining either the Defendant's consent or Court approval of a sale and investor process, and to make such arrangements or agreements as deemed necessary by the Receiver.

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

   a) the activities of the Receiver for the period between the first report of the receiver dated February 11, 2011 (the "First Report") and May 29, 2011 (the "Reporting Period") and statement of receipts and disbursements for the period of December 20, 2010 to May 29, 2011 (the "Receivership Period");

   b) the status of the Receiver's efforts to enter into an asset purchase agreement with the potential purchaser (the "Potential Colombian Purchaser") to acquire Kinetex's Colombian operations per the letter of intent (the "Colombian LOI") that Kinetex entered into prior to the Appointment Order;

   c) a description of the results of the Kinetex NA sales process as described in the First Report and approved by an Order of theCourt dated February 17, 2011;

   d) a description of the asset purchase agreement (the "SES Asset Purchase Agreement") between the Receiver and Seismic Equipment Solutions II, LP ("SES") for the sale of Kinetex's Services' seismic recording equipment located in North America and certain seismic recording equipment located in Colombia, excluded from the Colombian LOI;

e) a description of the agreement to purchase and sell (the "Ritchie Bros. Purchase Agreement") and agreement to participate in sales proceeds (the "Ritchie Bros. Auction Agreement") executed between the Receiver and Ritchie Bros. Auctions ("Ritchie Bros.") for the sale and auction of certain of Kinetex Services equipment located in North America (the "Remaining Kinetex NA Vehicles and Equipment"); and

f) the Receiver's recommendations with respect to the next steps in these proceedings.

4. All references to currency in the Second Report are in Canadian dollars.

BACKGROUND

5. Kinetex Resources is a public company listed on the TSX Venture Exchange and owns 100% of the operating subsidiary, Kinetex Services. Kinetex Resources has no other assets other than besides certain accounts receivables and the shares of Kinetex Services.

6. Kinetex Services provides seismic planning, acquisition, processing and interpretation services to the oil and gas and mining industries. The head office of Kinetex Services is located in Calgary, Alberta. Kinetex Services has a branch ("Kinetex Services' Colombia Branch") registered in Colombia, South America and that branch has an office located in Bogota, Colombia. Kinetex Services' Colombia Branch currently remains in operation.

7. Kinetex Services owns a 100% subsidiary, Kinetex Geosciences Inc. ("Kinetex Geosciences"), which was incorporated to facilitate Kinetex's expansion into providing seismic services for mineral exploration and development corporations. Kinetex Geosciences has a branch registered in Colombia, South America. The Receiver understands that Kinetex Geosciences is inactive and has no material assets. Kinetex

Geosciences continues to have 15 employees who are seconded to Kinetex Services' Colombia Branch.

8. The Kinetex Colombian operations (i.e. Kinetex Services' Colombia Branch and Kinetex Geosciences) are collectively referred to as "Kinetex Colombia". The Kinetex Canadian and U.S. (i.e. North America or "NA") operations are collectively referred to as "Kinetex NA".

9. At the date of the Appointment Date, Kinetex NA had no active seismic contracts and Kinetex Colombia was working under four customer contracts.

ACTIVITIES OF THE RECEIVER

Retention of Seismic Consultant

10. The Receiver engaged a local seismic consultant (the "Seismic Consultant") to: a) determine what proprietary seismic software and data ("Seismic Data") is owned by Kinetex; b) appraise the value of the Seismic Data, and; c) advise the Receiver on the best method to realize upon the Seismic Data.

11. The Seismic Consultant has been able to compile and appraise multiple sets of data which the Receiver understands is proprietary Seismic Data of Kinetex.

12. The Seismic Consultant is presently in the process of contacting parties it believes may be interested in purchasing certain of the Seismic Data. Therefore, the Receiver will not be revealing the appraised value of the Seismic Data in the Second Report.

13. The Seismic Consultant advised that it could take at least 2 months to find a buyer or buyers for the Seismic Data.

SES's Artisan's Lien

14. SES has alleged that they hold an artisan's lien over 300 VSRS recording boxes owned by Kinetex in SES's possession in Houston, Texas, which they repaired and upgraded at a cost of US $464,630. SES has provided supporting invoices and documentation to support the artisan's lien.

15. The Receiver's legal counsel has retained counsel in Houston, Texas, who has reviewed the supporting documentation and believes that SES has a valid artisan's lien in the state of Texas over the 300 VSRS recording boxes. If it was determined that SES did not have a valid artisan's lien over the 300 VSRS Recording boxes, the offer from SES still results in the highest realization on the Kinetex Services' seismic recording equipment.

Return of Leased Vehicles and Equipment

16. Based on searches at the Alberta Personal Property Registry, the Receiver understands that not all vehicles in the possession of Kinetex as at the Appointment Date are owned by Kinetex. The Receiver has requested supporting documents in respect of the leased vehicles from Kinetex, and with the assistance of the Receiver's legal counsel, the Receiver has been determining whether the lessors have a valid claim over certain vehicles. The Receiver has returned several vehicles to certain lessors where it was determined that the lessor has a valid and enforceable lease and there is no equity in the lease. For the Kinetex NA Vehicles and Equipment that are subject to leases, if it is determined that the leases are valid and enforceable and there is no equity in these leases, these vehicles will be released to the respective lessors and excluded from the proposed auction with Ritchie Bros.

Funding of the Receivership

17. In accordance with the Appointment Order, the Receiver was authorized to borrow $250,000. The Receiver was able to secure funding of the Receivership through the use of a $200,000 Receiver's Certificate ("Receiver's Certificate #1") and a subsequent $50,000 Receiver's Certificate ("Receiver's Certificate #2") which is set up to be a revolving borrowing facility. The funding for Receiver's Certificate #1 and Receiver's Certificate #2

was provided by the Plaintiff, HSBC Bank Canada ("HSBC"). To date, the Receiver has borrowed approximately $240,000 under the borrowing facility.

18. The statement of receipts and disbursements for Kinetex NA for the Receivership Period (i.e. excluding Kinetex's Colombia operations) is described in the table below.

Statement of Receipts and Disbursement Period of December 20, 2010 to May 29, 2011			
Opening Cash	*a*	$	-
Receipts			
Sale of Securities		$	44,806
Sale of Equipment		$	15,541
Collection of Refund		$	7,279
Collection of Accounts Receivable		$	630
	b	$	68,256
Disbursements			
Salaries and Wages		$	(130,526)
Insurance			(75,887)
Office and Yard Lease			(44,401)
Appraisal Fee			(9,450)
Utilities			(4,385)
Storage			(460)
Interest			(1,464)
Bank Charges			(19)
OSB Filing Fees			(140)
	c	$	(266,732)
Closing Deficit	*a+b+c*	$	**(198,476)**

Receipts

19. During the Receivership Period, the Receiver has collected approximately $70,000.

20. During the Receivership Period, the Receiver identified an investment account of Kinetex which held cash and investments in two corporations publicly listed on the TSX Venture

Exchange (the "Investment Account"). The Receiver instructed the financial institution holding the Investment Account to dispose of the investments on the open market and transfer all funds in the Investment Account to the Receiver. The Receiver received total net funds of $44,401 from the Investment Account.

21. The Receiver has collected $15,541 from the sale of seismic equipment and old office furniture located in North America to Datum Exploration Ltd. ("Datum").

22. During the Receivership Period, the Receiver collected a refund of a deposit that was held by the Workers' Compensation Board of Manitoba of approximately $7,300 and collected a small receivable ($630) outstanding on the Appointment Date.

Disbursements

23. During the Receivership Period, the Receiver has disbursed approximately $270,000 relating to the direct operations of Kinetex NA and insurance for Kinetex's equipment located in Colombia.

24. Salaries and wages of approximately $130,000 relate to the retention of former employees to complete a physical inventory count of Kinetex Services' Property, retention of Kinetex Services' former bookkeeper and the Kinetex Services' former Vice President of Colombian Operations. The receiver retained 4 former employees of Kinetex Services in Calgary, Alberta for the period of December 20, 2010 to January 31, 2011 to complete an inventory of Kinetex Services' Property and provide assistance to the Receiver with respect to a method to realize upon the Property. The Receiver retained Kinetex Services' former bookkeeper for the period of December 20, 2010 until March 31, 2011 to assist with updating the accounting records of Kinetex and to complete statutory tax filings. The Receiver retained Kinetex Services' Vice President of Colombian Operations (the "Vice President – Colombia") for the period of December 20, 2010 to February 28, 2011 to complete the proposed sale of Kinetex Colombia. The Vice President – Colombia continues to be employed by Kinetex Services; however, pursuant to the proposed sale of the Kinetex Services' Colombia Branch, his salary is being funded by the potential purchaser as described in further detail below.

25. The Receiver has assumed Kinetex's insurance policy and is continuing to pay the premiums on a monthly basis. The insurance policy provides coverage for a number of items including Kinetex's seismic equipment located in both North America and South America.

26. The Receiver engaged the services of a local appraiser with experience in the appraisal of seismic equipment to provide a desktop appraisal (the "NA Desktop Appraisal") of the NA Seismic Equipment and a desktop appraisal (the "Colombian Desktop Appraisal") of the Colombian Seismic Equipment.

27. The Receiver obtained the NA Desktop Appraisal to obtain a general value of the NA Property and for the purposes of evaluating whether it is economical to ship NA Property located in remote locations in North America to a central location to increase the recovery on the sale of the NA Property, or in the alternative, selling the NA Property on an as is where is basis. The appraiser completed the NA Desktop Appraisal with information from Kinetex's management and records, and the appraiser did not physically observe the NA Property.

28. The Colombian Desktop Appraisal was obtained for the Receiver to evaluate whether the offer set out in the Colombian LOI represented at least the fair market value of the equipment owned by Kinetex Services' in Colombia.

29. The Receiver continues to occupy the Kinetex Services' office and equipment yard located in Calgary, Alberta (the "Kinetex Calgary Office") and anticipates occupying the Kinetex Calgary Office until July 31, 2011. The purpose of the extended period that the Receiver is intending to occupy the Kinetex Calgary Office is to facilitate the process by which equipment subject to purchase agreements is to be picked up by potential purchasers, and for equipment to be auctioned by Ritchie Bros. to be shipped to the Ritchie Bros. auction yard outside of Edmonton, Alberta.

30. Pursuant to the Colombian LOI, the Potential Colombian Purchaser assumes the liabilities of the Kinetex Services Colombia Branch as at and after November 24, 2010, and as such, the Potential Colombian Purchaser has been funding the operations of the Kinetex Services

Colombia Branch including payroll since that date. The Receiver will report on the Kinetex Colombia receipts and disbursements during the Receivership Period in a subsequent report to this Court.

COLOMBIAN LOI

31. During the week of February 21, 2011, the Receiver attended in Bogotá, Colombia to meet with management of Kinetex Colombia and the Potential Colombian Purchaser and to review the books and records of Kinetex Colombia with the intention of determining the method to best realize on the property used by Kinetex Colombia.

32. Based upon the results of the Colombian Desktop Appraisal, discussions with Kinetex Colombia's management and Kinetex Colombia's current financial position, the Receiver has negotiated an amended draft of the Colombia LOI with the Potential Colombian Purchaser.

33. The Receiver is continuing to negotiate with the Potential Colombian Purchaser, with the intent to enter into an asset purchase agreement (the "Colombian Asset Purchase Agreement") for the sale of the Kinetex Colombia Property to the Potential Colombian Purchaser, such sale subject to the approval of this Court. The Receiver anticipates executing the Colombian Asset Purchase Agreement by the middle of June 2011.

RESULTS OF THE SALES PROCESS FOR THE KINETEX NA PROPERTY

Background to the sale process for the Kinetex NA Property

34. Pursuant to an Order dated February 17, 2011 (the "Sales Process Order"), the Court approved the sales process (the "Kinetex NA Sales Process") for the Kinetex North American Property as set out in Paragraphs 51 through 54, inclusive, of the First Report of the Receiver.

35. In the First Report, the Kinetex NA Property was defined as encompassing all of Kinetex's Property with the exception of Property included in the potential sale of Kinetex's Colombian Operations.

36. The Kinetex NA Sales Process included the following steps to be taken by the Receiver:

a. the Receiver soliciting interested parties (the "Interested Parties", each an "Interested Party") to request letters of intent (the "LOIs", each an "LOI") to purchase the Kinetex NA Property *en bloc* to be submitted to the Receiver no later than March 31, 2011 (the "Bid Deadline");

b. the Receiver soliciting proposals ("Equipment Proposals", each an "Equipment Proposal") from equipment auctioneers ("Auctioneers") and firms ("Equipment Brokers") that specialize in the sale and leasing of seismic equipment describing how the respective Auctioneer or Equipment Broker would market the equipment or seismic equipment portion of the Kinetex NA Property to be submitted to the Receiver no later than the Bid Deadline;

c. upon receipt of all LOIs and Equipment Proposals, a fulsome review would be completed by the Receiver, in order to select a definitive LOI or Equipment Proposal; and

d. if an LOI was selected, the Receiver would enter into negotiations with the Interested Party in order to agree on the terms of a purchase and sale agreement ("NA PSA"). If an Equipment Proposal was selected, the Receiver would enter into an equipment contract (the "Equipment Contract") for the respect Auctioneer or Equipment Broker to realize upon the equipment as described in the Equipment Contract. Either the NA PSA or Equipment Contract would be subject to Court approval.

37. Following the granting of the Sales Process Order, the Receiver drafted a marketing teaser (the "Marketing Teaser"), a copy of which is attached as Appendix "A" hereto, describing the opportunity to purchase the Kinetex NA Property. The Marketing Teaser was sent to 25 parties ("Solicited Parties") which the Receiver believed may be interested in purchasing the Kinetex NA Property either *en bloc* or on a piecemeal basis. The marketing process included contacting the various parties who had expressed interest to Kinetex's

management prior to the Appointment Order and parties in the seismic industry which the Receiver believed may want to acquire some or all of the Kinetex NA Property.

38. The Marketing Teaser was also sent to two Auctioneers and two Equipment Brokers who the Receiver had been in discussions with prior to granting of the Sales Process Order.

39. The Receiver met with several of the Solicited Parties and allowed these parties to observe and inspect the Kinetex NA Property. In addition, the Receiver assisted certain of the Solicited Parties with performing due diligence with respect to accounts receivable and a promissory note held by Kinetex Services' from SRD Innovations Inc. ("SRD").

Results of the Kinetex NA Sales Process

40. The Kinetex NA Sales Process (resulted in the following being received:

a. an LOI ("Shares and Property En-Bloc LOI") on the Kinetex NA Property *en bloc*, including the common shares of Kinetex Services free and clear of all encumbrances;

b. an LOI ("Property En-Bloc LOI") on the Kinetex NA Property *en bloc* ,excluding accounts receivable;

c. an Equipment Proposal for the Kinetex NA Seismic Equipment from an Equipment Broker;

d. two Equipment Proposals from certain Auctioneers;

e. an LOI for the Kinetex NA Seismic Equipment from an Interested Party, as defined in the First Report; [

f. three offers for specific pieces of the Kinetex NA Equipment from Interested Parties; and

g. three offers on a promissory note issued from SRD to Kinetex Services'.

41. The Receiver's analysis, in consultation with HSBC as the first secured creditor over the Kinetex NA Property, of all of the bids received from the NA Marketing Process was that a combination of several of the offers received and discussed above would provide the most beneficial outcome to Kinetex's creditors and other stakeholders.

42. The Receiver had entered into a LOI with an Interested Party for the purchase of the SRD Promissory Note; however, after performing its due diligence the Interested Party reduced the purchase price and the Receiver determined that it would be preferable to re-market the SRD Promissory Note to the other two parties who expressed interest.

43. The following table summarizes the offers from certain parties with whom the Receiver entered into asset purchase agreements ("APAs").

Summary of Kinetex NA Sales Process

Purchaser	Description of Equipment	Location	Price Per Unit	# of Units		Accepted Offers
Seismic Equipment Solutions II, LP (Note 1)						
	VSRS Recording Boxes	Calgary, AB	$ 1,000	444		$ 444,000
	MRX Recording Boxes	Calgary, AB	76	50		3,810
	Solar Battery Packs	Calgary, AB	10	90		857
	3C Digital Sensors	Calgary, AB	288	520		149,562
	3C Digital Sensors	Calgary, AB	50	240		11,880
	VRSR Recording Boxes (Note 1)	Houston, TX	300	1,600		15,369
	3C Digital Sensors	Bogata, Co	301	1,880		564,990
	GMC Topkick Recording Truck	Calgary, AB	23,819	1		25,010
					a	1,215,478
Datum Exploration Ltd.		Calgary, AB				
	Cable Spiders	Calgary, AB	50	2		100
	Geophone racks	Calgary, AB	250	2		500
	HP Design Jet wide bed plotter.	Calgary, AB	75	1		75
	Yellow Boom box electronics modules	Calgary, AB	2,500	4		10,000
	Pelton Shot Pro II electronic units	Calgary, AB	3,000	1		3,000
					a	13,675
Grupo Pegasus S.A.						
	Morooka IVI - Mini Vibrator	Calgary, Ab	$ 250,000	1	a	250,000
Ritchie Bros. Auctioneers						
	Purchase Price for remaining vehicles and equipment (Note 2)				a	454,000
Individual Investors						
	SRD Promissory Note	Calgary, Ab			a	25,000
Total Estimated Proceeds for Kinetex NA Property					Σa	**$ 1,958,153**

Notes:

1. The purchase price of $15,369 for the 300 VSRS Recording Boxes located in Houston, Texas is net of a $464,630 valid Artisan's lien that Seismic Equipment Solution II, LP is claiming over the units for work that SES performed on the units. SES is presently in possession of the 300 VSRS recording boxes.

2. The purchase and sale agreement with Ritchie Bros. is for the sale of all remaining vehicles and equipment (excluding leased vehicles and certain office equipment and inventory) to Ritchie Bros. for $454,000 however the Receiver will receive 80% of all proceeds earned above $530,000 on the auction of these vehicles and equipment.

44. All sales are on an "as is, where is" basis with the exception of the sale of the seismic recording equipment to SES which involves an escrow agreement and mechanism for testing of the equipment. The Receiver is responsible for paying costs associated with transporting equipment and inventory to the Ritchie Bros. auction site (the "Auction Site") outside of Edmonton, Alberta. Based upon the NA Desktop Appraisal, the proceeds

received from the sale will likely be in excess of $530,000 ("Excess Auction Proceeds"). Therefore, the Receiver's portion of the Excess Auction Proceeds will likely off-set transportation costs associated with transporting the vehicles and equipment to the Auction Site.

45. The Receiver was unable to accept the Shares and Property En-Bloc LOI as the Receiver is unable to sell the shares of Kinextex Services' free and clear of all liens and encumbrances, which was a condition of that offer.

46. The next highest realization would have been realized by accepting the Property En-Bloc LOI; however, the net value of that offer was inferior to the combination of offers above.

47. The Receiver believes that the Property has been adequately exposed to the marketplace through the efforts completed under the NA Sales Process as detailed in the First Report and summarized above. The Receiver further believes that the transaction contemplated in the APAs will provide the best and highest realization.

48. Furthermore, the Receiver understands that the first secured creditor over the Kinetex NA Property, HSBC, supports the APAs.

APAs for the Kinetex NA Property

49. The Receiver has executed the following APAs:

SES

50. The Receiver has executed the SES APA, subject to the approval of this Honourable Court on May 25, 2011. A copy of the SES APA is attached as Appendix "B". The material terms of the SES APA include:

    a. the purchase price is U.S. $1,215,478 for the seismic recording equipment;

    b. the sale of the equipment is on an "as is, where is" basis, with the exception of the 1,880 3C Digital sensors ("Colombian Sensors") in Colombia which have to be delivered by the Receiver to SES's receiving agent in the free trade zone of Bogotá, Colombia. SES will be responsible for transporting the Colombian Sensors to Houston, Texas for testing;

c. the purchase price is subject to an escrow agreement where the funds will be held in escrow by the Receiver's legal counsel until the equipment is tested by SES. The Receiver will have an independent observer, who has experience with this type of equipment, present to oversee SES's testing. There is a price adjustment mechanism within the SES APA that reduces the purchase price will be reduced: a) on a pro-rata basis for equipment other than the Colombian Sensors that cannot be delivered to SES's receiving agents; b) for the quantity and age of the Colombian Sensors, to be determined using the equipment serial numbers, and; c) based on the results of the testing of the Colombian Sensors; and

d. the closing date (the "Closing Date") is 2 business days following the expiration of any appeal periods with respect to the granting of the Sale Approval and Vesting Order (as defined therein), unless otherwise agreed upon in writing between the Receiver and SES. The testing of the Colombian Sensors is to occur within 20 days of the Closing Date and therefore, the Receiver anticipates receiving the final proceeds of the SES APA by late July 2011.

Datum

51. The Receiver has executed and closed the asset purchase agreement with Datum for $14,420. The increased purchase price is a result of Datum including some additional spare parts and signage in their offer when they came to pick up the equipment that they purchased. Due to the quantum of the purchase price for the minor equipment, the Receiver closed this sale in May 2011 without approval of the Court.

Grupo Pegasus S.A. ("Grupo Pegasus")

52. The Receiver has negotiated an asset purchase agreement ("GP APA"), subject to the approval of the Court, with Grupo Pegasus for the sale of a Morooka IVI - Mini Vibe located in Calgary, Alberta. A copy of the GP APA is attached as Appendix "C".

Ritchie Bros.

53. The Receiver has executed the Ritchie Bros. Auction Purchase Agreement and Ritchie Bros. Auction Agreement, subject to the approval of this Court. If approved, the Remaining Kinetex NA Vehicles and Equipment would be included in Ritchie Bros.'s next large auction in September 2011. A copy of the Ritchie Bros. Purchase Agreement is attached as Appendix "D" and a copy of the Ritchie Bros. Auction Agreement is attached as Appendix "E".

54. Significant terms of the Ritchie Bros. Auction Purchase Agreement include:

   a. the guaranteed purchase price for the Remaining Kinetex NA Vehicles and Equipment is $454,000;

   b. the Receiver will receive 80% of proceeds in excess of $530,000 realized from the auction proceeds of the Remaining Kinetex NA Vehicles and Equipment; and

   c. the closing date for the Ritchie Bros. Auction Purchase Agreement is June 15, 2011 however Ritchie Bros. has agreed to extend the date to September 7, 2011 and the Receiver is in the process of amending the Ritchies Bros. Auction Agreement to reflect the closing date of September 7, 2011.

Individual Investors

55. The Receiver accepted an offer from certain individual investors ("Individual Investors") for the sale of the SRD Promissory Note for $25,000 and the Receiver is in the process of executing and closing the asset purchase agreement. Due to the quantum of the purchase

price for the SRD Promissory Note the Receiver will not be obtaining Court approval for the sale, the Receiver anticipates closing this sale on June 3, 2011.

RECOMMENDATIONS

56. The Receiver recommends the approval of:

a. the SES APA;

b. the Ritchie Bros. Auction Purchase Agreement; and

c. the GP APA.

All of which is respectfully submitted this 3rd day of June, 2011.

ERNST & YOUNG INC.
in its capacity as receiver and manager of
Kinetex Multi-Component Services Inc.
and Kinetex Resources Corporation

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

Peter Chisholm, CA
Manager